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12MBAFM323/12MBABI333

Third Semester MBA Degree Examination, Dec.2015/Jan.2016
Banking and Financial Services

Max. Marks:100

Time: 3 hrs.

- Note: 1. Answer any THREE full questions from Q.No.1 to Q.No.6.**
2. Question No. 7 & 8 are compulsory.
3. Use of Time value table is permitted.

- 1 a. State the various functions of commercial banks. (03 Marks)
b. Explain briefly the relationship between banker and customer. (07 Marks)
c. Explain in detail the recent technological developments in Indian banking sector. (10 Marks)
- 2 a. State the factors determining exchange rates. (03 Marks)
b. Explain briefly the various banking instruments. (07 Marks)
c. Explain in detail the role and functions of EXIM Bank? (10 Marks)
- 3 a. List the players in money market. (03 Marks)
b. What are the services rendered by merchant bankers? (07 Marks)
c. Explain in detail the SEBI guidelines for merchant Bankers. (10 Marks)
- 4 a. What are the benefits of factoring? (03 Marks)
b. Distinguish between money market and capital market? (07 Marks)
c. Explain briefly i) Treasury bills ii) commercial paper iii) Certificate of deposits. (10 Marks)
- 5 a. Differentiate between Factoring and forfeiting? (03 Marks)
b. What is credit rating? What are its advantages? (07 Marks)
c. What is securitization of debt? Explain in detail the process of securitization. (10 Marks)
- 6 a. What do you mean by dematerialization? (03 Marks)
b. What are the differences between leasing and Hire purchasing. (07 Marks)
c. Write a short note on : i) NSDL ii) Venture capital. (10 Marks)
- 7 a. Mr. Sunil wants to start a small business to manufacture cement bricks. Prepare an estimated income and expenditure statement for 3 years to the Bank manager for obtaining loan of Rs 20,00,000. (10 Marks)
b. As a bank manager, you received an application for the loan of rupees 10,00,000 and the applicant is ready to keep his residential house as a security. What method of loan you can approve in the above case – justify? (05 Marks)
c. XYZ bank employee approached you to explain about their credit card facility, you have taken the credit card based on the recommendation of the employee, credit card issued by the bank after 1 month, later you identified that the employee has not given adequate information about the card by verifying the credit card bill. In the above case. As a credit card holder, what action you can take? (05 Marks)
- 8 ANS Limited is contemplating having an access to a machine for a period of 5 years, Discussions with various financial institutions have shown that the company can have the use of machine for the stipulated period through leasing arrangement, or the requisite amount can be borrowed at 14% to buy the machine. The firm is in the 50% tax bracket. In case of leasing, the firm would be required to pay an annual end of year rent of Rs 1,20,000 for 5 years. All maintenance, insurance and other costs are to be borne by the lessee. In the case of purchase of machine (which costs Rs 3,43,300) the firm would have a 14%. 5 year loan, to be paid in 5 equal installments, each installments becoming due at the end of each year. The machinery would be depreciated on a straight line basis for Tax purpose with no salvage value. Advice the company regarding the option it should go for assuming lease rentals are paid at the end of the year. (20 Marks)

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Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages. 2. Any revealing of identification. appeal to evaluator and /or equations written eg. 42+8 = 50, will be treated as malpractice.