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Third Semester MBA Degree Examination, June/July 2015
Banking & Financial Services

Time: 3 hrs.

Max. Marks:100

- 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 tables permitted.

- 1 a. What is an commercial bank? (03 Marks)
b. Write a note on ALM. (07 Marks)
c. What are the procedure for Housing Finance? (10 Marks)
- 2 a. Define Foreign Exchange market. (03 Marks)
b. What are the relationship between Banker and Customer? (07 Marks)
c. Define factoring. What are the types of factoring systems available? (10 Marks)
- 3 a. Define cash credit. (03 Marks)
b. What are the factors influencing exchange rate? (07 Marks)
c. What is credit rating? How does it help the investors? (10 Marks)
- 4 a. Define securitization of debt. (03 Marks)
b. What are the advantages of core banking? (07 Marks)
c. What are the international banking services? (10 Marks)
- 5 a. Define merchant banking. (03 Marks)
b. Write a note on Money Market Instruments. (07 Marks)
c. What are the advantages and disadvantages of leasing? (10 Marks)
- 6 a. Define Reverse Mortgage. (03 Marks)
b. What are the functions of Lead managers? (07 Marks)
c. What is depository system? Explain briefly the functions of depository. (10 Marks)
- 7 a. A customer walks into bank to apply for a loan. If you were the bank official how would you explain to the customer various documentation and procedures. (10 Marks)
b. Mr. Ramaiah is a 60 year old bank customer dealing with a nationalized bank. He visits your bank, which has recently introduced various technologies for the customer convenience. How would you explain Mr. Ramaiah the ease and comfort of banking transactions with the help of latest technologies. (10 Marks)

8 Case Study:

Zeon Ltd., is aiming of installing a computer decide whether the computer is to be purchased outright through 14% borrowing or to be acquired on lease rental basis. The company is in the 50% tax bracket. The other data available are:

For purchase option

Purchase price ₹20,00,000

Annual maintenance ₹50,000 (to be paid in advance)

Expected economic useful life – 6 years

Sale value ₹2,00,000

Depreciation @ straight line method (for tax purpose)

For leasing option

Lease charges ₹ 4,50,000 (to be paid in advance)

Maintenance expenses to be borne by lessor payment of loan 6 year equal installment of ₹ 5, 14, 271.

Will your decision change if lease rental is 5,50,000 p.a paid during year end. (20 Marks)

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