

CBCS SCHEME

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20MBAFM305

Third Semester MBA Degree Examination, June/July 2023 Banking and Financial Services

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.

- 1 a. What do you understand by the term Monetary System? (03 Marks)
b. Elucidate any four functions of RBI by listing out all the functions of RBI. (07 Marks)
c. Explain the role of commercial banks in Socio-economic development. (10 Marks)
- 2 a. Define Universal Banking. (03 Marks)
b. Describe the services provided by Merchant Banker. (07 Marks)
c. Explain the qualitative and quantitative measures of credit control. (10 Marks)
- 3 a. Differentiate between Public Sector Banks and Private Sector Banks. (03 Marks)
b. Write short notes on the following :
i) NEFT ii) RTGS iii) Telebanking iv) ATMs (07 Marks)
c. Discuss briefly the functions of commercial banks. (10 Marks)
- 4 a. Define Underwriting. (03 Marks)
b. Describe the different types of NBICs in brief. (07 Marks)
c. What do you mean by factoring? Explain its types. (10 Marks)
- 5 a. What do you understand by microfinance? (03 Marks)
b. What are the challenges faced by microfinance companies? Explain. (07 Marks)
c. Define Venture Capital. Explain the features of Venture Capital Financing. (10 Marks)
- 6 a. What is credit rating? (03 Marks)
b. Briefly explain the process of credit rating. (07 Marks)
c. What do you mean by securitization? Explain its advantages and disadvantages. (10 Marks)
- 7 a. Define Prospectus. (03 Marks)
b. Explain in brief the functioning of depository by giving the meaning of Depository System. (07 Marks)
c. What are Mutual Funds? Explain its classification. (10 Marks)

8 **Case Study (Compulsory) :**

XYZ Machine Tool Company Ltd. is considering the acquisition of a large equipment to setup its factory in a backward region for Rs. 12,00,000. The equipment is expected to have an economic useful life of 8 years. The equipment can be financed either with an 8 year term loan at 14 percent interest repayable in equal installments of Rs.2,58,676 per year or by an equivalent amount of lease rent per year. In both cases the payments are due at the end of the year. The equipment is subject to straightline method of depreciation for tax purposes. Assuming no salvage value after the 8-year useful life and 50 percent tax rate, which of the financing alternative would it select?

It is recommended to provide present value tables for students.

(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.