

2017

MBA

3rd Semester Examination

FINANCIAL SERVICES

(Specialisation : Financial Management)

PAPER—F-302/306

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Answer all the questions.

1. Answer any *eight* questions from the following : 8×5

(a) Briefly discuss the role of credit rating in the industrial development of a country.

(Turn Over)

- (b) What does 'investment nurturing' mean? What are its objectives?
- (c) Discuss the need and importance of forfaiting services in India.
- (d) Write short notes on "Money Market Mutual Fund" and "Exchange Traded Mutual Fund".
- (e) Is lease financing a short term source of finance? Discuss the features of financial lease.
- (f) What are the main limitations of credit rating in a country like India?
- (g) Explain the concept of mutual fund. Why should small investors prefer mutual funds to direct investment in the stock market?
- (h) Write a short note on 'Portfolio Management Services' as an important function of a Merchant Banker.
- (i) What do you mean by Recourse Factoring? How does it differ from the Non-Recourse Factoring?
- (j) Discuss the significance of Micro-insurance in the Indian context.
- (k) Discuss the advantages of lease financing.

(l) What role can merchant banks play in corporate restructuring ?

2. Answer any *four* questions from the following : 4×10

(a) (i) What do you mean by Factoring Services ? Briefly discuss the benefits of Factoring Services.

(ii) Briefly discuss the different costs associated with forfaiting services. (2+4)+4

(b) (i) What are the benefits of credit rating services ?

(ii) Briefly discuss the credit rating process of CRISIL. 5+5

(c) Discuss the guidelines of IRDA on unit linked insurance product. 10

(d) (i) What are the essential areas to be covered by a VCU to write a business plan for Venture Capital ?

(ii) How do we determine the value of a Venture Capital Undertakings (VCU) by considering Conventional Venture Capitalist Valuation Method ? 6+4

(e) (i) Explain the nature and meaning of merchant banking services.

(ii) Discuss the role of merchant banks in the promotion and development of industry in a country. 4+6

- (f) Given the following data, rank the funds by using (i) Sharpe Index and (ii) Treynor's Measure. The risk-free rate of return is 8 per cent.

<i>Fund</i>	<i>Average Annual Return (%)</i>	<i>Standard Deviation (%)</i>	<i>Correlation with market</i>
A	24	16	0.75
B	16	11	0.60
C	20	22	0.40
D	12	8	0.85
Market Portfolio	12	10	

[Internal Assessment : 20 Marks]
