

2015

M B A

4th Semester Examination

Subject : MANAGEMENT OF FINANCIAL SERVICES

(Specialization : Financial Management)

PAPER—F-404

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.

Write the answers to Questions of each Half in separate books.

(First Half)

(Marks : 50)

1. Answer all questions :

(a) Answer any one question : 1×5

- (i) What do you mean by Financial Service ? What functions do they perform in the financial system of a country ?

(Turn Over)

- (ii) Name the basic pillars of the financial system in a country? Briefly explain the role of financial institutions in a sound financial system.

(b) Answer any *three* questions : 3×5

- (i) What is venture financing? How it is different from Lease financing?
- (ii) Discuss the factors that make the prospects of venture capitalists bright in India.
- (iii) How a leasing contract beneficial to the lessee?
- (iv) Elaborate in brief the treatment of lease rentals in the books of the lessee with the help of an example.

2. Answer all questions :

(a) Answer any *one* question : 1×10

- (i) Highlight the milestone-steps in the evolution of the financial system in India.

Venture capital investments are based on ideas in contrast to traditional financing that are based on assets? Discuss. 6+4

- (ii) Give a brief outline of the secondary financial market in India along with the major instruments in that market.

(b) Answer any *one* question : 1×10

- (i) Elaborate in detail the different instruments

available to a venture capitalist for financing a venture.

- (ii) (x) PQ Ltd. is engaged in the business of producing garments for children. It requires a machine costing Rs. 45 lacs (depreciation rate – 15%) which it wants to take on lease. The terms of the lease are as follows:

- Lease period is 4 years (life of the asset being 5 years).
- Lease rentals to be paid is Rs. 14 lacs.
- The cost of capital is 12%.
- Tax rate is 30.9%.

You are required to compute the net cash outflow arising from the lease contract.

- (y) Discuss the term 'leasing' as an off-balance sheet item. 7+3

[Internal Assessment : 10 Marks]

(Second Half)

(Marks : 50)

- 3. Answer any four questions :** 4×5

- (a) Distinguish between Bill of discounting and Factoring.

- (b) Discuss the factors that affect assignment of credit rating of a security.
- (c) What kinds of business can be transacted by National Housing Bank ?
- (d) Briefly discuss the problems of Merchant Bankers in India.
- (e) Write a short note on 'Underwriting activity' as an important function of a Merchant Banker.
- (f) Is factoring a short-term sources of finance? Explain briefly.

4. Answer any *two* questions : 2×10

- (a) (i) What do you mean by Factoring Services ? Briefly discuss the benefits of Factoring Services.
- (ii) What do you mean by credit rating? Name at least two major credit rating agencies in India.
(2+4)+4
- (b) (i) Two securities having similar rating are not identical; they are only in similar risk class. Illustrate the statement.
- (ii) Write a short note on CRISIL. 5+5
- (c) Discuss the different housing finance schemes of HFIs in India.

[Internal Assessment : 10 Marks]
