

2014

M. Com.

3rd Semester Examination

FINANCIAL SERVICES

PAPER — COM-301

Full Marks : 50

Time : 2 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.

Unit—I

[Marks : 20]

1. Answer any two questions : 5×2
- (a) Discuss the role of any two merchant banking institutions which are not related to primary market.
 - (b) Describe any one method of assessing credit worthiness for sanctioning consumer loan.

(Turn Over)

- (c) Briefly explain the statement—"Financial services as a component of the financial system".
- (d) Distinguish between fund-based and fee-based financial services with one example under each category, explaining as to why they may be categorised as such.

2. Answer any *one* question from the following : 10×1

- (a) Y leasing Co. Ltd. has existing offer of leasing out Motor cars @ Rs. 40,000 lease rent for the first year which is expected to decline by 5% every year-end on the condition of renewal of lease agreement every year end. Repair and maintenance cost amounts of Rs. 5,000 p.a. on an average, which is to be borne by the lessee. The motor cars are all new and cost Rs. 4,00,000 per car. These have 10 years working life on an average with a scrap value of Rs. 40,000. Depreciation is allowed by the income tax authorities on a straight line basis. If the incremental borrowing rate is 16% and marginal corporate income tax rate is 25%, advise X Co. Ltd., which is interested to take one such motor car on lease as to whether it should go for the leasing decision. Also assess whether Y Leasing Co. Ltd.'s present terms of lease is also national from the profitability view point. Leasing period may be assumed to be a total of 10 years for arriving at a decision. 4+6

- (b) (i) Distinguish between Instalment and Financial leasing.
- (ii) Distinguish between Guaranteed Residual value and unguaranteed. Residual value.

5+5

Unit—II

[Marks : 20]

3. Answer any *two* questions : 5×2

- (a) What are the objectives of National Housing Bank to promote housing finance in India ?
- (b) What does 'investment nurturing' mean ? What are its objectives ?
- (c) Discuss the different types of factoring services.
- (d) What are the essential areas to be covered by a VCU to write a business plan for Venture Capital ?

4. Answer any *one* of the following : 10×1

- (a) (i) What do you mean Forfaiting Services? Briefly discuss the benefits of Forfaiting Services.
- (ii) Distinguish between Factoring and Forfaiting.

(2+4)+4

- (b) (i) State the importance of credit rating.
- (ii) Explain the steps involved in credit rating process. 4+6

[Internal Assessment : 10 Marks]
