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Third Semester MBA Degree Examination, Jan./Feb. 2021 Banking and Financial Services

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any *FOUR* full questions from Q1 to Q7.
2. Question No. 8 is compulsory.
3. Use of Present value table is permitted.

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| 1 | a. State three objectives of monetary policy. | (03 Marks) |
| | b. Explain Internet banking. | (07 Marks) |
| | c. Discuss the services offered by merchant bankers. | (10 Marks) |
| 2 | a. What are Depository participants? | (03 Marks) |
| | b. Explain the differences between base and hire purchase. | (07 Marks) |
| | c. Describe the credit rating process. | (10 Marks) |
| 3 | a. What is Venture capital fund? | (03 Marks) |
| | b. Examine the challenges faced by micro finance institutions. | (07 Marks) |
| | c. Explain the various reforms in the Indian banking sector. | (10 Marks) |
| 4 | a. Explain Factoring. | (03 Marks) |
| | b. Explain Microfinance delivery mechanisms. | (07 Marks) |
| | c. Discuss the process of securitization. | (10 Marks) |
| 5 | a. Compare operating lease and financial lease. | (03 Marks) |
| | b. Examine the functions of Commercial banks. | (07 Marks) |
| | c. Explain the pre – issue obligations of a merchant banker. | (10 Marks) |
| 6 | a. What is Private placement? | (03 Marks) |
| | b. Discuss the various types of NBFCs in India. | (07 Marks) |
| | c. Explain the types of mutual fund schemes. | (10 Marks) |
| 7 | a. What is Universal banking? | (03 Marks) |
| | b. Explain the stages of Venture capital financing. | (07 Marks) |
| | c. Examine the types of factoring. | (10 Marks) |
| 8 | <u>CASE STUDY (Compulsory) :</u> | |

ADAG Ltd is in the business of manufacturing bearings. Some more product lines are being planned to be added to the existing system. The machinery may be bought or may be taken on lease. The cost of the machine is Rs 40,00,000 having a useful life of 5 years with the salvage value of Rs 8,00,000. The full purchase value of machine can be financed by 20% loan repayable in five equal installments falling due at the end of each year. Alternatively, the machine can be procured on a 5 year lease. Year end lease rentals being Rs 12,00,000 p.a. The company follows written down value method of depreciation at the rate of 25%. Tax rate is 35% and the cost of capital is 16%. Advice the company. **(20 Marks)**
