

CBCS SCHEME

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18MBAFM301

Third Semester MBA Degree Examination, Feb./Mar. 2022 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 P.V tables are permitted.

- 1 a. Define Banking. (03 Marks)
b. Explain the structure of commercial Banks. (07 Marks)
c. Explain the role of commercial banks in socio economic development. (10 Marks)
- 2 a. What is Commercial Bank? (03 Marks)
b. Explain the advantages and issues in internet banking. (07 Marks)
c. What are the advantages of EFT? (10 Marks)
- 3 a. What does NEFT and RTGS stand for? (03 Marks)
b. Write a note on Merchant Banking Services. (07 Marks)
c. Briefly explain the benefits of depository system. (10 Marks)
- 4 a. What is venture capital? (03 Marks)
b. Explain the types of under writing. (07 Marks)
c. What is Forfeiting? Differentiate between Factoring and Forfeiting. (10 Marks)
- 5 a. What do you mean by securitization of debt? (03 Marks)
b. Write a note on :
i) NSDL
ii) CDSL (07 Marks)
c. Write the benefit of securitization? (10 Marks)
- 6 a. What is Depository? (03 Marks)
b. Briefly, explain the functions of NBFC. (07 Marks)
c. Discuss the steps involved in credit rating process. (10 Marks)
- 7 a. What is Rematerialization? (03 Marks)
b. Discuss the different stages in venture capital financing. (07 Marks)
c. Explain the different types of lease financing. (10 Marks)

8 CASE STUDY [Compulsory]

The Hypothetical Industries Ltd., has an investment plan amounting to Rs. 108 Lakh. The tax relevant rate of depreciation of the HIL is 25%, its marginal cost of capital and marginal cost of debt are 16% and 20% respectively and it is in 35% tax bracket.

It is examining financing alternate for its capital expenditure. A proposal from the HFL, with the following salient features, is under its active consideration.

Hire purchase plan : The flat rate of interest charges by the HFL is 16%. The repayment of the amount is to be made in 36 equated monthly installments in advance. The hirer/hire – purchase is required to make a down payment of 20%.

Leasing Alternative: The lease rentals are payable @ Rs. 28PtPm in advance. The primary lease period can be assumed to be 5 years.

Assume that the SOYD method Ps used to allocate the total charge for credit under the hire – purchase plan. The next Salvage value of the equipment after 3 years can be assumed to be Rs. 33 lakh.

Question :

Which alternative – leasing or hire – purchase should the HIL use? Why. (20 Marks)
