

# CBCS SCHEME

18MBAFM301



## Third Semester MBA Degree Examination, July/August 2021 Banking and Financial Services

Max. Marks: 100

**Note: Answer any FIVE full questions.**

- 1 a. Define Banking. (03 Marks)  
b. Briefly explain quantitative and qualitative measures of credit control. (07 Marks)  
c. Discuss the functions of RBI. (10 Marks)
- 2 a. Distinguish between NEFT and RTGS. (03 Marks)  
b. What are the different types of credit card? Explain. (07 Marks)  
c. Discuss the role of commercial banks in Socio-Economic development. (10 Marks)
- 3 a. Define merchant banker. (03 Marks)  
b. Discuss the steps involved in pre and post issue management. (07 Marks)  
c. Explain the various services rendered by merchant banks. (10 Marks)
- 4 a. What are NBFCs? (03 Marks)  
b. Discuss the functions and role of NBFCs. (07 Marks)  
c. Explain the advantages and disadvantages of Leasing. (10 Marks)
- 5 a. Name the different types of venture capital financing. (03 Marks)  
b. Explain the process of credit rating of financial instruments. (07 Marks)  
c. What is venture capital? Explain its features. (10 Marks)
- 6 a. What is private placement? (03 Marks)  
b. What are the roles of the underwriter? (07 Marks)  
c. Differentiate between factoring and forfeiting. (10 Marks)
- 7 a. What is credit rating? (03 Marks)  
b. What are the functions of NSDL? (07 Marks)  
c. Discuss the SEBI guidelines for pre-issue management. (10 Marks)

- 8 Case Study :
- ABC Ltd. is considering a proposal to acquire equipment costing Rs.15,00,000. The expected life of the equipment is 5 years and the salvage value of Rs.1,00,000 after the expiry of 5 years. The purchased can be financed by 20% loan, repayable in 5 equal annual installments becoming due at the end of the year. Alternatively the machine can be taken on year end lease rentals of Rs.4,50,000 for 5 years. Advise the company as the option it should choose. You may assume the following :
- (i) The company follow W.D.V method of depreciation, the rate of depreciation being 25%.
  - (ii) Tax rate is 35%, and cost of capital is 13%.
  - (iii) Lease rentals are to be paid at the end of the year.
  - (iv) Maintenance expenses estimated at Rs.30,000 per year are to be borne by the lessee.
- Advise the company which option to choose. (20 Marks)

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Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
2. Any revealing of identification, appeal to evaluator and/or equations written eg, 42+8 = 50, will be treated as malpractice.