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## P.E.S. College of Engineering, Mandya - 571 401

(An Autonomous Institution affiliated to VTU, Belagavi)

Third Semester, Master of Business Administration (MBA)

Semester End Examination; Dec. - 2019

Financial Services and Banking Practices

Time: 3 hrs

Max. Marks: 100

*Note: Answer all FOUR full questions from PART - A and PART - B (Case Study) is compulsory.*

### PART - A

- 1 a. Discuss the various functions of commercial banks in India. 10  
 b. Explain the role of commercial banks in socio-economic development. 10

### OR

- 2 a. Discuss the structure of commercial banks in India. 10  
 b. Elaborately discuss the benefits of electronic banking for banks and customers. 10  
 3 a. Discuss in detail the various relationships between banker and customer. 10  
 b. Discuss the benefits accrue to the users/customers/merchants of credit cards and debit cards. 10

### OR

- 4 a. Explain the Pre issue activities to be supervised by a merchant banker. 10  
 b. Elaborate SEBI guidelines for merchant banker. 10  
 5 a. With a neat sketch, describe the process of credit rating in India. 10  
 b. What is factoring? Differentiate factoring and forfeiting in detail. 10

### OR

- 6 a. Discuss the steps involved in securitization process? Also explain the advantages of securitization. 10  
 b. Discuss the numerous benefits of using depository systems. 10  
 7 a. Write a note on the following: 10  
 i) Treasury Bill  
 ii) Commercial bill  
 iii) Commercial paper  
 iv) Certificate of deposit  
 v) Call money  
 b. Discuss the tax and depreciation related matters with respect to leasing. 10

### OR

- 8 a. What is ALM? Discuss its purpose, objectives and implementation process. 10  
 b. Write a note on: 10  
 i) Book building  
 ii) Private placement

**PART - B ( Case study - Compulsory)**

9. XYZ Builders Ltd need to acquire the use of a crane for their construction business and are considering buying or leasing a crane. The crane costs Rs. 10,00,000 and is subject to the straight line method of depreciation to a zero salvage value at the end of 5 years. In contrast, the lease rent is Rs. 2,20,000 per year to be paid in advance each year for 5 years. XYZ Builders ltd can raise debt at 14 percent payable in equal annual installments, each installment due at the beginning of the year. The company is in the 50 percent tax bracket. Should it lease or buy the crane? 20

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