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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; Jan. / Feb. - 2021

Financial Services and Banking Practices

Time: 3 hrs

Max. Marks: 100

Note: i) Answer all **FOUR** full questions from **PART-A** and **PART-B** (Case Study) is compulsory.
ii) PV tables shall be allowed.

Q. No.	Questions PART - A	Marks
1 a.	Elucidate the functions of commercial banks.	10
b.	Why are financial markets essential for a healthy economy and economic growth?	10
OR		
2 a.	Delineate about E-banking? Describe about E-banking services.	10
b.	What is book building? Explain its process.	10
3 a.	Define merchant banker. What are the services rendered by merchant banker?	10
b.	Describe in detail issue management process.	10
OR		
4 a.	What is insurance? Explain in detail the essentials of insurance contract.	10
b.	What is depository? List out the differences between ADR and GDR.	10
5 a.	State the differences between Leasing and Hire purchase.	10
b.	How NBFC is different from bank? Explain the types of NBFC's.	10
OR		
6 a.	Define credit rating. Explain its process.	10
b.	Elaborate on stages of venture capital funds available for company as they grow in size.	10
7 a.	Outline the difference between risk and uncertainty. Describe the ways of handling the risk.	10
b.	What is forfeiting? Differentiate between factoring and forfeiting.	10
OR		
8 a.	What is mutual fund? Explain its types.	10
b.	Explain the process of securitization of debt with neat diagram.	10

Contd...2

PART - B (Case Study Compulsory)

9. A Limited company is contemplating to have an access to a machine for a period of 5 years. The company can have the use of machine for the stipulated period through leasing arrangement or the requisite amount can be borrowed at 14% to buy the machine. The firm is in the 50% tax bracket. In the case of leasing, the firm would be required to pay at the end-of-year lease rent of ` 1,20,000 for 5 years. All maintenance, insurance and other costs are to be borne by the lessee. 20
- In the case of purchase of the machine (which costs ` 3,43,300), the firm would have 14% five-year loan to be paid in 5 equal annual installments, each installment becoming due at the end of each year. The machine would be depreciated on a straight line basis, with no salvage value.
- Advise the company which option it should go for.

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