



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; February / March - 2022

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 / FV tables shall be allowed.

PART - A

- 1 a. "Commercial banks have always played an important position in the country's economy".
Examine the statement. 10
- b. Discuss the structure and functions of commercial banks. 10

OR

- 2 a. Describe the role of a merchant banker in pre-issue management. 10
- b. Illustrate the fund raising role of merchant bankers in international markets. 10
- 3 a. Discuss the SEBI Guidelines for merchant banker. 10
- b. Illustrate the types of NBF's in India. 10

OR

- 4 a. Why India needs Micro-finance? Find suitable Micro-finance deliver model / mechanism for the state of Karnataka. 10
- b. Is leasing an Electric Vehicle the best option? Analyze the different types of lease available for various kinds of asset classes. 10
- 5 a. Outline the securitization of debt? Explain its different benefits. 10
- b. What do you mean by factoring? Explain the different types of factoring. 10

OR

- 6 a. Discuss the mechanism of forfaiting. 10
- b. Summary on any two of the following: 10
- i) Subprime Mortgage ii) Special purpose vehicle iii) NSDL and CDSL
- 7 a. What is venture capital? Discuss the various stages of venture capital finance in India. 10
- b. Why do companies need credit ratings? Explain the credit rating process of CRISIL. 10

OR

- 8 a. Illustrate the following risk control techniques with example: 10
- i) Avoidance
- ii) Loss prevention
- iii) Loss reduction
- b. Examine the role of depositories and their services in the Indian Economy. 10

PART - B (Case Study Compulsory)

9. ABC Machine Tool Company Ltd. is considering the acquisition of a large equipment to set up its factory in a backward region for Rs. 12,00,000. The equipment is expected to have an economic useful life of 8 years. The equipment can be financed either with an 8-year term loan at 14 percent interest, repayable in equal installments of Rs. 2,58,676 per year, or by an equivalent amount of lease rent per year. In both the cases payments are due at the end of the year. The equipment is subject to the straight-line method of depreciation for tax purposes. Assuming no salvage value after the 8-year useful life and 50 percent tax rate, which of the financing alternatives should it select?

20

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