



--	--	--	--	--	--	--	--	--	--

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

(An Autonomous Institution affiliated to VTU, Belgaum)

Third Semester - Master of Business Administration (MBA)

Semester End Examination; Dec. - 2015

**Financial Services**

Time: 3 hrs

Max. Marks: 100

**Note:** Answer any **FOUR** full questions from **PART – A** and **PART – B** (Case Study) is Compulsory.

### PART - A

- 1 a. Explain the classification of Indian Financial Markets in the form of a chart and explain features of each market. 10
- b. Explain the structure and features of the Indian money market. 10

### OR

- 2 a. Write a brief note on Commercial bill market or a discount market. State the importance of a developed commercial bill market. 10
- b. Distinguish between money market and capital market. 10
- 3 a. Why is credit rating important? Explain the process of Credit rating. 10
- b. What do you mean by securitisation of debt? How does it help banks in Capital intrusion? State the hazards of securitisation. 10

### OR

- 4 a. State the benefits of depositories. How has dematerialisation helped in reducing the cost and efficiency of Financial services? 10
- b. State the reasons for under developed securitisation in India 10
- 5 a. Explain the various services offered by Merchant banks in India. 10
- b. State the factors that determine a Buy or a lease decisions. 10

### OR

- 6 a. Distinguish lease and a hire purchase with examples. 10
- b. Explain the various methods through which capital can be raised by Indian companies from international markets. 10
- 7 a Explain the functions of banks and their role in credit creation. 10
- b. State the primary and secondary function of commercial banks. 10

### OR

- 8 a. State the issues faced by public sector banks in India. Give reasons for their under performance with respect to private counter parts. 10
- b. What do you mean by credit offtane? How is Credit deposit ratio linked to the GDP growth of a country like India? 10

**PART - B****9. Compulsory Questions :**

The hypothetical leasing limited has a lease proposal under consideration. Its post-tax cost of funds is 14% and it has to pay central sales tax (CST) @10% of the basic price of the capital equipment on inter-state purchases.

The marginal tax rate of HLL is 35%. The detail of the proposed lease are given below:

→ Primary lease period 3 years

→ Tax relevant depreciation, 40% on WDV basis with other assets in the bank.

→ Residual value 8% of the original cost.

- a) If the monthly lease rentals are collected in advance, what is the minimum lease rental the HIL should charge for per Rs. 1000 for the lease? 10
- b) What is the minimum monthly lease proposal costing Rs. 660 lakh (including CST at 10%)? 10

\* \* \* \*