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14MBAFM302

**Third Semester MBA Degree Examination, Dec.2016/Jan.2017**

**Investment Banking and Financial Services**

Time: 3 hrs.

Max. Marks:100

*Note : Use of compound interest table is permitted.*

**SECTION - A**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 What are the three micro finance delivery mechanism? (03 Marks)
- 2 What is 'avalizing'? (03 Marks)
- 3 What is 'home equity loan'? (03 Marks)
- 4 What is 'up-front lease'? (03 Marks)
- 5 What are the three categories of investment banks? (03 Marks)
- 6 What are 'custodial services'? (03 Marks)
- 7 What is special purpose vehicle (SPV)? (03 Marks)

**SECTION - B**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Distinguish between 'factoring' and 'discounting'. (07 Marks)
- 2 What are the steps in granting housing loan? (07 Marks)
- 3 What is 'venture capital'? What are the three forms of venture capital in India? (07 Marks)
- 4 What is 'underwriting'? Explain the US model and the Indian model of underwriting? (07 Marks)
- 5 What is 'leasing' and 'hire purchase'? What are the problems facing leasing industry? (07 Marks)
- 6 List and explain the features of investment banking. (07 Marks)
- 7 Write short notes on:
  - i) Private equity
  - ii) Future of micro finance (07 Marks)

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.

**SECTION - C**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 What are investment banks? Distinguish between investment banking and commercial banking. (10 Marks)
- 2 What is a non-banking financial company (NBFC)? List SEBI regulations for share brokers in India. (10 Marks)
- 3 Why s 'securitization' not popular in India? (10 Marks)
- 4 What is 'forfeiting'? What are the advantages of 'factoring'? (10 Marks)
- 5 What are the various types of housing loans? (10 Marks)
- 6 What are the advantages of depositories? (10 Marks)
- 7 Explain the benefits of 'credit rating' to businesses. (10 Marks)

**SECTION - D****CASE STUDY – [ Compulsory ]**

*Case study (compulsory):*

- 1 On 1<sup>st</sup> April, 2015 a manufacturing company buys on hire purchase system a machinery for Rs.60000, payable by three equal annual installments combining principal and interest, the rate of interest was 5% per annum. Calculate the amount of cash price and interest. (08 Marks)
- 2 A Ltd purchased a machine from B Ltd on hire purchase basis on the following terms:
  - i) Cash down payment = 20%
  - ii) Three installments of Rs.200000 each at the end of the first year, third year, and sixth year.
  - iii) Interest to be charged by vendor at 10% p.a.
 Given these information, you are required to compute the cash price of the machine. (12 Marks)

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