

# CBCS SCHEME

18MBAFM301

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## Third Semester MBA Degree Examination, Aug./Sept.2020 Banking and Financial Services

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any Four questions from Q.No. 1 to Q.No. 7.  
2. Question No. 8 is compulsory.

- 1 a. Define Monetary System. (03 Marks)  
b. Discuss few of the Banking sector reforms in India. (07 Marks)  
c. Explain the functions of RBI. (10 Marks)
- 2 a. What are NEFT and RTGS? (03 Marks)  
b. Briefly explain the functions of Commercial Banks. (07 Marks)  
c. Write short notes on : i) ATM ii) Core Banking solutions. (10 Marks)
- 3 a. Define Merchant Banking. (03 Marks)  
b. What do you mean by Book building and discuss its process? (07 Marks)  
c. Explain in detail the issue management process. (10 Marks)
- 4 a. What are NBFC's? (03 Marks)  
b. Define Microfinance and discuss its challenges. (07 Marks)  
c. Explain the different types of lease. (10 Marks)
- 5 a. Define Underwriting. (03 Marks)  
b. Define Hire purchase and explain its features. (07 Marks)  
c. What are the services offered by Merchant Banking? (10 Marks)
- 6 a. Define Credit Rating. (03 Marks)  
b. Explain the various stages involved in working of securitization process. (07 Marks)  
c. Explain the features and stages of venture capital. (10 Marks)
- 7 a. Define Mutual Fund. (03 Marks)  
b. Explain the process of clearing and settlement. (07 Marks)  
c. Explain the different types of Factoring. (10 Marks)
- 8 **CASE STUDY (Compulsory) :**

A Departmental store owns a large building and the land on which it is situated. Their respective book values are Rs 20 crore and Rs 8 crores. The building is being depreciated @ Rs 1 crore per year over 20 years.

Canhome Finance Ltd., has offered to buy the land and building at book value and to lease it back to the firm for 20 years at annual rental of Rs 3 crore, payable at the end of each year. At the end of 20<sup>th</sup> year, it is estimated that after paying the costs of demolishing the building, the land could net Rs 9 crore.

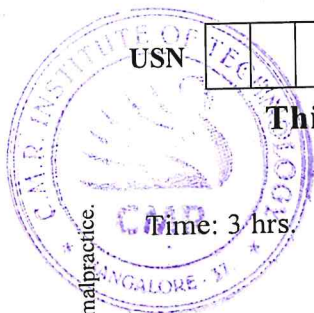
If the sale and lease back proposals were accepted, the departmental store would still be responsible for the maintenance, insurance and so on, but would have no residential claims on the property at the end of 20<sup>th</sup> year. The Finance Manager of the departmental store estimates the firm's after tax cost of capital is 12%. The firm can borrow at 10.75 percent. The corporate tax rate on ordinary income is likely to remain unchanged at the present level of 35% and on capital gains at 20%.

Advise the company on the relative suitability of the options.

(20 Marks)

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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.



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