


CMR INSTITUTE OF TECHNOLOGY		USN																
Internal Assessment Test - II											CMR							
Sub:	Banking and Financial services							Code:	18MBAFM301									
Date:	28-10-2020	Duration:	60 mins	Max Marks:	50	Sem:	III	Branch:	MBA									
										Marks	OBE							
											CO	RBT						
<b>Part A - Answer all the questions (30* 1 = 30 marks)</b>																		
1	A merchant bank is a financial institution conducting money market activities a. Lending b. Underwriting and financial advice c. Investment service d. All of the above							1	2	2								
2	In India Merchant banking along with management of public issues and loan syndication covering activities like 1. Project counseling 2. Portfolio management 3. Investment counseling 4. Mergers and amalgamation of the corporate firms 5. Securities and exchange a. 1, 2, 4, 5 b. 1,2, 3, 5 c. 1, 2, 3, 4 d. 2, 3, 4, 5							1	2	2								
3	State Bank of India started merchant banking in _____ followed by ICICI in _____. a. 1972, 1974 b. 1978, 1980 c. 1973, 1974 d. 1980, 1981							1	1	2								
4	Issue management is an important function of _____ and _____. a. Merchant banker, lead manager b. Public banker, Merchant banker c. Lead banker, Private banking d. None of the above							1	2	2								
5	Private placement covers a. Shares b. Preference shares c. Debentures d. All of the above							1	2	2								
6	Match the following: <table border="1" data-bbox="159 1131 1244 1377"> <tr> <td>1. Public issue</td> <td>i. When capital funds are raised through the issue of prospects.</td> </tr> <tr> <td>2. Rights issue</td> <td>ii. When shares are issued to the existing shareholders of a company</td> </tr> <tr> <td>3. Private placement</td> <td>iii. When the issuing company sells securities directly to the investors</td> </tr> </table> a. 1-I, 2-ii, 3-iii b. 1-iii, 2-ii, 3-I c. 1-ii, 2-iii, 3-I d. 1-iii, 2-I, 3-ii							1. Public issue	i. When capital funds are raised through the issue of prospects.	2. Rights issue	ii. When shares are issued to the existing shareholders of a company	3. Private placement	iii. When the issuing company sells securities directly to the investors	1	2	2		
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7	It is a process by which a demand for the securities proposed to be issued by a body corporate is elicited. a. Book building b. Share certificate c. Promoter issue d. Circular							1	2	2								
8	A Non-Banking Financial Company (NBFC) is a company registered under the _____. a. RBI Act 1934 b. Companies Act, 1956 c. NBFC Act 1956 d. Government Securities Regulations, 1913							1	2	2								
9	What is the minimum Net Owned Funds required by NBFCs for registration with RBI? a. Rs 5 lakhs b. Rs 25 lakhs c. Rs 50 lakhs d. Rs 2 crore							1	2	2								
10	Which of the following does not have any roles in regulation of NBFCs? a. National Housing Bank b. Reserve Bank of India c. SIDBI d. Ministry of Corporate Affairs							1	2	2								
11	NBFC performs great role for finance in _____. a. Wholesale sector b. Big Scale industries c. Small scale and Retail sector							1	2	2								
12	NBFC is a company registered under _____. a. The Indian Contract Act b. The Companies Act, 1956 c. The RBI Act							1	2	2								

13	The process of selling trade debts of a client to a financial intermediary is called_____	1	2	2
	a. Factoring b. Securitization c. Materialization			
14	Factoring services means	1	3	2
	a. Collection of bills b. Discounting of bills c. Maintenance of Account bills d. All of the above			
15	Forfaite is a	1	3	2
	a. an intermediary between exporter and importer b. an exporter c. an importer d. a bank			
16	The term Merchant Bank is used in	1	2	3
	a. United States b. United Kingdom c. America d. India			
17	Which of the following is not a fee based financial service?	1	2	3
	a. Corporate counseling b. Lease financing c. Profit management d. Issue management			
18	People who take part in factoring services includes	1	3	3
	a. Buyer of the goods who has to pay for them on credit firms b. Seller of goods, who has to pay for them on credit firms c. Factor, who acts as gent in realizing credit sales form buyer and passes on the realized sum to the seller after deducting a commission d. All of the above			
19	Factoring is a _____ financial service	1	2	3
	a. Capital-based b. Finance-based c. Fund-based d. Factor-based			
20	Which agency regulates and supervises NBFCs?	1	2	3
	a. Finance Ministry b. SEBI c. RBI d. Respective state government			
21	The first public offer of shares made by a company is called _____	1	2	3
22	Company decides to make an offer to a select group of investors, who may be better informed, and therefore not requiring elaborate protection mechanisms & save time, cost and effort in placing its shares to such a group such an issue is called as _____	1	2	2
23	_____ is a method of marketing the shares of a company whereby the quantum and the price of the securities to be issued will be decided on the basis of the 'bids' received from the prospective shareholders by the lead merchant bankers. share prices are determined on the basis of real demand for the shares at various price levels in the market.	1	2	2
24	The draft prospectus is filled with _____ which gives it a legal standing.	1	2	2
25	_____ is an agent, as a banking or insurance company, engaged in financing the operation of certain companies or in financing wholesale or retail trade sales, through the purchase of account receivables	1	2	2
26	A _____ is an investment option, where investors contribute small amounts of money. These contributions are pooled together to make it a large sum. This sum is then invested in various securities.	1	2	2
27	An _____ is one that is available for subscription and repurchase on a continuous basis. These schemes do not have a fixed maturity period	1	2	2
28	Issue management is an important function of _____ and _____.	1	2	2
	a. Merchant banker, lead manager b. Public banker, Merchant banker c. Lead banker, Private banking d. None of the above			
29	Categories of securities issue:	1	2	2
	a. Public issue b. Rights issue c. Private placement d. All of the above			
30	The number of lead merchant bankers may not exceed in case any issue of, issue size 200crore to 400crore.	1	2	2
	a. 4 b. 3 c. 6 d. 5			
31	Meca Ltd. a reputed automobile manufacturer needs Rupees ten crore as additional capital to expand its business. Atul Jaian, the CEO of the company wanted to raise funds through equity. On the other hand the Finance Manager, Nimi Sachdev said that the public issue may be expensive on account of various mandatory and non-mandatory expenses. Therefore, it was decided to allot the securities to institutional investors. Name the method through which the company decided to raise additional capital	5	3	3
32	A company wanted to raise funds so it reached out to facilities an institutional arrangements through which long term funds (debt + equity) were raised and invested. A lot of thinking was done whether the company should have gone for debt or equity. Finally, it decided to go for equity. The owner of the company decided to follow the guidelines of SEBI.	10	2	3

	1.Which concept of financial market is highlighted in the starting of the case? Name two objectives of SEBI.			
33	A very famous article was published in a finance magazine. A portion of that article is present here: Financial market is not a usual market where you buy commodities but a special place where one can have all the necessary information about the different securities traded in the market. The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money. The financial experts say otherwise the job of the people involved in the securities transactions would have been really difficult. Securities get a buyer on the one hand and the seller on the other hand on a common platform—this helps in easy conversion of securities into cash. In the economies where there is no stock exchange the funds remain blocked. The money trapped in the houses should come out and flow in the economy and when they are invested in the shares of a company they have the capability to attain the maximum value. People would always like to sell securities on their own conditions. No government intervention can predict the price of securities. The stock market is a place which runs on the forces of demand and supply thus giving a security its price depending upon its demand. One wonders how the economy of a company can grow without the existence of financial market. Identify explain the functions of financial market discussed in the above case.	5	3	2

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1	The Student will be acquainted to various Banking and Non-Banking financial services in India.					
CO2	The Student will understand the activities of Merchant Banking and Credit Rating.		1,2- 13,16,17 19-30,32			
CO3	The Student will be equipped to understand micro financing and other financial services in India.	14,15,18,31,33				
CO4	The Student will understand how to evaluate and compare leasing & hire purchase.					

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

**PO1–Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities; PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship**

CCI

HOD

## Scheme

Q.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
	d	c	c	a	d	a	a	b	b	c	c	c	a	d	a	b	b	d	c	c	IPO
Q.No.	22									23											
	Private placement of shares									Book building											
Q.No.	24									25						26					
	SEBI									Factor						Mutual fund					
Q.No.	27									28						29					
	Open ended fund									a						d					
Q.No.	30									31						32					
	d									Private placement						Justify as per students view					
Q.No.	33																				
	Justify as per students view																				