Seat No.: _____ Enrolment No._____

# GUJARAT TECHNOLOGICAL UNIVERSITY

**MBA – SEMESTER 3 • EXAMINATION – WINTER 2016**

**Subject Code: 2830202** **Date: 04/01/2017**

**Subject Name: Management of Financial Services (MFS)**

**Time: 02:30 pm to 05:30 pm** **Total Marks: 70**

**Instructions:**

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

**Q.1 (a)** Multiple choice questions. Each is carrying one mark. **06**

1. Trade debts have to be assigned in favor of the finance company under;
   A. Discounting B. Forfeiting
   C. Factoring D. All of the above

2. A merchant bank is a financial institution conducting money market activities and:
   A. Lending B. Underwriting and financial advice
   C. Investment service D All of the above

3. _____ is basically a savings and investment corporation.
   A. UTI B. IDBI
   C. SBI D. RBI

4. CRISIL has been promoted by ____ and _____.
   A. ICICI, UTI B. IDBI, SBI
   C. AXIS, UTI D. PNB, SBI

5. Any change in flow of funds and the demand of them, is clearly reflected in –
   A. Money market B. Repo market
   C. Call money market D. Commercial bill market

6. Which of the following is not a fee-based financial service?
   A. Issue management. B. Lease financing
   C. Profit management D. Corporate counseling

**Q.1 (b)** Give the meaning of the following terms. Each is carrying one mark. **04**

1. Market Risk and Currency Risk
2. Typology of Credit Rating
3. Define ADR.
4. What is Bulk Factoring

**Q.1 (c)** Discuss weaknesses of India financial system. **04**

**Q.2 (a)** What are various components of Financial System? Do you think there is a close relationship between Financial System and Economic Growth? Discuss. **07**

**(b)** How Merchant banking is different from Commercial Banking? What are the services offered by merchant bankers? **07**

**OR**

| | | | |
|---|---|---|---|
| | **(b)** | Discuss reforms in primary and secondary market in light of Harshad Mehta and Ketan Parekh scams. | **07** |
| **Q.3** | **(a)** | Differentiate between leasing & hire purchase. Also discuss the various types of lease. | **07** |
| | **(b)** | Trace out the development in the field of Securitisation in India. What suggestion do you offer to make it more popular? | **07** |
| | | **OR** | |
| **Q.3** | **(a)** | Comment upon RBI as a regulator and supervisor of financial system. | **07** |
| | **(b)** | Describe an international factoring transaction with the help of a flow chart. 'An exporter can explore new markets with the help of international factoring'. – Discuss the statement giving the benefits of International factoring. | **07** |
| **Q.4** | **(a)** | Discuss the importance and need of venture capital funds in India. | **07** |
| | **(b)** | What is the role of Mutual Funds in the economy? Discuss different types of Mutual Funds. | **07** |
| | | **OR** | |
| **Q.4** | **(a)** | Describe the role of IRDA in the development of Insurance services in India. | **07** |
| | **(b)** | Give an overview about the major credit rating agencies operating in India. | **07** |
| **Q.5** | | **Q-1** John is a pharmacist and he developed a new formula for battling cholesterol which has been patented. He requires setting up a manufacturing facility for the same. He approaches you as a venture capital fund manager to know about the various stages in an investment cycle. Guide him regarding the process. **(7 marks)**<br>**Q-2** Describe the different types of instruments by which a securitisation can be implemented? Briefly explain the pricing of these instruments and also highlight the benefits of securitisation to the institution and the investors. **(7 marks)** | **14** |
| | | **OR** | |
| **Q.5** | | **Q-1** The Hypothetical Finance ltd. discounts the bills of its clients at the rate specified below:<br>i. L/C - backed bills, 22 per cent per annum<br>ii. Clean bill, 24 per cent per annum<br>**Required:** Compute the effective rate of interest implicit in the two types of bills assuming usance period of (a) 90 days for the L/C - based bill and (b) 60 days for the clean bill and value of the bill, Rs 10,000. **(7 marks)**<br>**Q-2.**What is Retail Banking? Discuss the products of the retail banking. **(7 marks)** | **14** |

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