

[Dec-16]

[MPDFM-305]
MBA Degree Examination

Financial Management
III SEMESTER

MANAGEMENT OF FINANCIAL SERVICES
(Effective from the admitted batch 2012-13)

Time: 3 Hours

Max. Marks: 70

Instructions: All parts of the unit must be answered in one place only.
Figures in the right hand margin indicate marks allotted.

SECTION-A

1. Answer any **Five** of the following: (5×2=10)
- a) Money markets
 - b) Broking
 - c) Fee based services
 - d) SEBI
 - e) Hire purchase
 - f) Bill Discounting
 - g) Surrender value

SECTION-B

Answer all questions: (5×9=45)

2. a) What are the recent developments in capital market in India?
Explain

OR

- b) Explain various financial services available in the market

3. a) List out various functions of stock exchanges?

OR

- b) Describe various characteristic features of depositories?

4. a) Explain in detail, the merits of credit rating

OR

b) What are the risks associated with mutual funds?

5. a) What is meant by venture capital? State its features and need?

OR

b) Write detailed note on Factoring. Why is factoring needed?

6. a) Discuss the fundamental principles of Life Insurance?

OR

b) Enumerate various types of Non-life insurance products?

SECTION-C

7. Case Study (Compulsory):

15

ABC Ltd, is faced with two options as under in respect of acquisition of asset valued Rs. 50,00,000.

Either

a) To acquire the asset directly by taking a Bank loan of Rs. 50,00,000 repayable in 5 years and installments at an interest of 15%

b) To lease in the asset at yearly rentals of Rs 320 per Rs. 1,000 of the asset value for 5 years payable at the year end.

The following additional information is available

i) The rate of depreciation of the asset is 15% W.D.V

ii) The company has an effective tax rate of 50%

iii) The company employs a discounting rate of 15%

Restrict your calculations up to five digits after decimal point.

You are to indicate in your report which option is more preferable to the company. Restrict your calculations over a period of 10 years