

M.B.A. Semester—IV Examination
MANAGEMENT OF FINANCIAL SERVICES
Paper—MBA/4104/CGF

Time : Three Hours]

[Maximum Marks : 70

N.B. :— (1) Attempt **ALL** questions.

(2) Figures to the right indicate marks.

(3) Use of factor table and scientific calculator is allowed.

SECTION—A

1. (a) What is book building ? Explain briefly the framework of the book building methods of issue of capital. 14

OR

- (b) What are the various types of risks associated with financial services ? How these risks can be managed ? 14

SECTION—B

2. (a) What are the challenges faced by financial service industry in India ? 7
(b) Increasing rate of speculation is a challenge in front of Indian stock market. Discuss the role of SEBI as a stock market regulator and future challenges in front of SEBI. 7

OR

- (c) Discuss the role of IRDA as an insurance regulatory in India. 7
(d) Financial service market in India is changing its face rapidly. Elucidate the scope of Indian financial market in the age of digitalization. 7
3. (a) Discuss the main characteristics of hire purchase. How does it differ from installment payment ? 7

- (b) Shantanu Infotech Ltd. got the lease proposal. The details are as follows :

Investment	Rs. 1,50,00,000
Economic life	5 years
Scrap value	Rs. 1,60,000
Depreciation	20 %
Tax rate	50 %

Lease rent per year 50 Lakh. If required rate of return of Shantanu Infotech Ltd. is 12 % advice the company regarding the feasibility of the proposal using NPV technique. 7

OR

- (c) Identify the major factors responsible for growth of housing finance in India. 7
- (d) Following details related to an investment proposal of XYZ Ltd. The investment outlay of Rs. 100 lakh, the lease rent are payable Rs. 180/ Rs. 1000 the term of lease is 8 years and the cost of capital is 12 %.

Find the present value of the lease rent which is payable at the beginning of the year.

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SECTION—C

4. (a) How credit card differ from debit card ? Discuss in detail. 7
- (b) Discuss new trends in banking system in India and its impact on financial service sector. 7

OR

- (c) Discuss the major issues of credit rating agencies in India in context of the rapid growth in Indian financial market. 7
- (d) How does credit rating of a financial instrument helps an investor ? Justify your answer. 7

SECTION—D

5. Shrilakshmi Ltd. has a total sales of Rs. 3.2 cr. and its average collection period is 90 days. The past experience indicates that the bad debt losses 1.5 % of sales, the expenditure faced by the firm in the administration of receivable collection attards are Rs. 5,00,000 and the factory is prepared to buy the firms receivable by charging 2 % commission and the factor will pay advance on receivable to the firm at an interest rate of 18 % p.a. after with holding 10 % as a reserve.

Calculate effective cost of factoring to the firm.

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