

where credit sales ends. Thus, the factor works between the seller and buyer and sometimes together with seller's bank too". Do you agree with this statement ? Give reasons to support your answer. 7

**OR**

- (c) What critical factors are required for the success of the venture capital industry in India ? 7
- (d) Suppose you are working as a venture capitalist in Mumbai. An entrepreneur approach to you with project proposal for start up financing. As a venture capitalist how will you evaluate this proposal ? What key factors would you like to take into consideration while evaluating this proposal ? 7

**SECTION C**

5. BRL Eye Hospital is a well known hospital in Bangalore. Its BODs decided to involve in social responsible activities particularly in monthly free mobile eye testing and operation Camp. For this it requires an equipment. Hospital has identified an equipment costing Rs. 11,00,000, whose economic

**AR - 1245**

Fourth Semester M. B. A. Examination

**MANAGEMENT OF FINANCIAL SERVICES**

Paper - MBA / 4104 / CGF

P. Pages : 5

Time : Three Hours ]

[Max. Marks : 70

- Note :** (1) Attempt all questions.  
(2) Figures to the right indicate full marks.

**SECTION A**

1. (a) "Financial intermediaries have to perform the task of financial innovation to meet the dynamically changing needs of the economy". Discuss the above statement in the light of the various innovative products introduced in recent times in the financial service sector.

**OR**

- (b) What do you mean by financial service ? Trace out the development of the financial system in India. 14

## SECTION B

2. (a) Explain the role of parties involved in managing the issue of shares in stock market. 7
- (b) "Bond prices vary inversely with changes in market interest rates". Do you agree with this statement ? Justify. 7

OR

- (c) What is stock exchange ? Explain the mechanism of trading and settlement adopted in the stock exchange. 7
- (d) Financial planning is considered a relatively new profession, even though it involves collection of services that have long been available from banks, investment brokers, accountants, tax advisors and several other professionals. Why do you feel that financial planning emerged as a profession when most of the services were already being offered to customers by above mention financial advisors. Do you think that financial planner helps you to minimise the risk involved in the financial services ? Give reasons. 7

3. (a) What is a credit card ? Explain its features. 7
- (b) "Credit rating is the assessment of a borrower's credit quality. Credit rating performs the function of credit risk evaluation reflecting the borrower's expected capability to repay the debt as per term of issue". Do you agree with this statement ? Justify your answer. 7

OR

- (c) What is merchant banking ? Explain the various functions performed by merchant bankers. 7
- (d) "Mutual funds are collective investment instruments, essentially for a large diversified portfolio and professional fund management". In the light of the above statement describe briefly different types of mutual funds with the help of real life examples. 7
4. (a) What is factoring ? Briefly explain the different types of factoring. 7
- (b) "Factoring starts with credit sales made by the seller, and is mainly concerned with the realisation of credit sales. Factoring starts

life is 5 years. It would realize Rs. 1,60,000 as a scrap value at the end of 5 years life. BRL can borrow the amount needed to buy equipment at 20 percent. The equipment will be depreciated at 30 percent per annum under written down value method. The equipment can be taken on lease by paying Rs. 3,08,000 as lease rental. Evaluate the lease using NPV and IRR method. Tax rate is 40 percent. 14



