

Code: 14E00308

MBA III Semester Regular & Supplementary Examinations November/December 2017

FINANCIAL INSTITUTIONS, MARKETS & SERVICES

(For students admitted in 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

PART – A

(Answer the following: (05 X 10 = 50 Marks))

- 1 Discuss the role of financial system in economic development.

OR

- 2 What is monetary policy? How is it regulated by RBI? Explain.

- 3 Explain different banking services.

OR

- 4 Discuss the role of IRDA.

- 5 What is call money market? Explain its role.

OR

- 6 What are the basic functions of stock exchange?

- 7 What is factoring services? Explain different factoring services.

OR

- 8 What is hands-on approach in venture capital?

- 9 Explain the functions of merchant banker.

OR

- 10 Discuss the role of investment banker.

PART – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

A company is considering the following proposals.

Cost of the machinery Rs.20 lakhs, life time 10 years with no scrap value.

Proposal I: Taking the machine on lease. Lease payments are to be made in advance. Rate of return is 10 percent. The asset to be completely amortized.

Proposal II: Taking a loan and buying the machine. Cost of debt is 16 percent. The loan has to be paid in 10 equal installments. Income tax rate is 35 percent. Straight line method of depreciation is followed:

Questions:

- (a) As a financial consultant, what advise will you suggest.
