

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  
\_\_\_\_\_ is basically a savings and investment corporation.
  3. A. UTI                                      B. IDBI  
C. SBI                                        D. RBI  
CRISIL has been promoted by \_\_\_\_\_ and \_\_\_\_\_.
  4. A. ICICI, UTI                              B. IDBI, SBI  
C. AXIS, UTI                              D. PNB, SBI  
Any change in flow of funds and the demand of them, is clearly reflected in –
  5. A. Money market                      B. Repo market  
C. Call money market              D. Commercial bill market  
Which of the following is not a fee-based financial service?
  6. 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)**
- 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)**
- OR**
- Q.5** **Q-1** The Hypothetical Finance Ltd. discounts the bills of its clients at the rate specified below: **14**
- i. L/C - backed bills, 22 per cent per annum
- ii. Clean bill, 24 per cent per annum
- 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)**
- Q-2.** What is Retail Banking? Discuss the products of the retail banking. **(7 marks)**

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