

(DBUS32)

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M.B.A. DEGREE EXAMINATION, MAY – 2018**Third Year****A - FINANCIAL MANAGEMENT****Management of Financial Services (Optional)****Time : 3 Hours****Maximum Marks :70**

SECTION - A**Answer any three questions.****(3 x 5 = 15)**

- Q1)** a) Functions of primary market.
b) Prudential norms.
c) Advantage of mutual funds.
d) Issue management.
e) Housing finance.
f) Bill discounting.

SECTION - B**Answer any three questions.****(3 x 15 = 45)**

- Q2)** Explain nature and scope of financial services in detail.
- Q3)** Explain objectives and functions of NSE.
- Q4)** What do you mean by mutual fund? Explain various types of mutual funds in detail.
- Q5)** Explain various steps involved in issue management.
- Q6)** What is debt securitisation? Explain its process and instruments.
- Q7)** What is venture capital? Explain various stages of financing venture capital.

SECTION - C
(Compulsory)

(10)

Q8) Case Study:

Hypothetical limited is contemplating having an access to a machine for a period of 5 years. Discussions with various financial institutions have shown that the company can have the use of machine for the stipulated period through leasing arrangement, or the requisite amount can be borrowed at 14% to buy the machine. The firm is in the 50% tax bracket. In case of leasing, the firm would be required to pay an annual end-of year rent of Rs.1,20,000 for 5 years. All maintenance, insurance and other costs are to be borne by the lessee.

In case of purchase of machine (which cost Rs.3,43,300), the firm would have a 14%, 5-year loan, to be paid in 5 equal installments, each installment is due at the end of the year. The machine would be depreciated on a straight line basis for tax purposes, with no salvage value.

Advise the firm regarding the option it should go for.

