

[31004]
SPECIAL DRIVE-DEC./JAN.-2023
M.B.A. DEGREE EXAMINATIONS
THIRD SEMESTER
SPECIALIZATION : FINANCIAL MANAGEMENT
Paper - IV : FINANCIAL MARKETS AND SERVICES
(2016-17 and 2017-18 Admitted Batches)

Time : 3 Hours

Maximum Marks: 75

SECTION - A

I. Answer any Five questions not exceeding one page each. (5×4=20)

- i. Functions of Stock Exchanges.
- ii. Scope of Financial services.
- iii. Explain the legal aspects for venture capital.
- iv. CRISIL
- v. Salient features of micro-remittances.
- vi. SHG - Bank linkage.
- vii. What is operating lease?
- viii. Listing formalities.

SECTION - B

II. Answer All questions not exceeding 4 pages each. (5×8=40)

1. a) What is Primary Market? How the companies issues their stocks through Primary Market.

(OR)

b) Explain the structure of Indian financial system.
2. a) What is leasing? And explain advantages and limitations of leasing.

(OR)

b) What is Merchant banking? Discuss the functions of Merchant banking.
3. a) Explain the working of bill discounting and suggest measures to strengthen.

(OR)

b) Explain the role of banks in providing discounting and factoring services.

4. a) State the factors determining the success of the credit rating system.
(OR)
b) What is a Mutual Fund? And explain the different types of Mutual funds in India.
5. a) What is Micro-Securitization? And explain the types of securitized assets.
(OR)
b) Explain the various gender issues in Micro-Finance in India.

SECTION - C

III. Case Study (Compulsory)

(1×15=15)

Rao Limited is considering the acquisition of a personal computer costing Rs.1,50,000. The effective life of the computer is expected to be six years. The company plans to acquire the same either by borrowing Rs.1,50,000 from its bank at 12% interest per annum or through lease. The company wishes to know the lease rentals to be paid annually which will match the loan option. The following further information is provided to you.

1. The principle amount of the loan will be paid in 5 annual equal installments.
2. Interest, lease rentals, principal payments are to pay on the last day of each year.
3. The full cost of the computer will be written off over the effective life of computer on a straight line basis and the same will be allowed for tax purpose.
4. The company's effective tax rate is 30% and the after tax cost of capital is 9%.
5. The computer will be sold for Rs.5,700 at the end of the sixth year. The commission on such sales is 9% on the sale value and the same will be paid.

Question: You are required to compute the annual lease rentals payable by Rao Ltd., this will result in indifference to the loan option.
