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MBA-FM – 3

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7042

Roll No.

MBA

(SEM. IV) EXAMINATION, 2006-07

**MANAGEMENT OF FINANCIAL INSTITUTION &
SERVICES**

Time : 3 Hours]

[Total Marks : 100

Note : Attempt all questions.

1 Attempt any **two** of following : **10×2=20**

- a) IMF has suggested for India to move towards capital account convertibility to which RBI has recently taken step forward, however many feel it is too early”. Comment on the impact of this step bringing out difference from current account convertibility also.
- b) “Last decade witnessed many financial scams”. Has post financial reforms have failed to deliver. Comment by giving examples.
- c) What are recent financial innovation which have taken place in financial services.

2 Attempt any **two** of following : **10×2=20**

- a) Discuss giving recent examples the process and need for consolidation of banking sector in India. Also bring out the concept of universal banking giving examples.
- b) Explain the mechanism of ALM for managing various types of risks associated in banks.
- c) What are Capital Adequacy Norms and what are the changes which are seen in it in Basel-III Norms.

3 Attempt any **two** of the following : **10×2=20**

- (a) How does process of securitization helps in maintaining liquidity ?
- b) “Investors in the recent past are losing faith in NBFCs. Critically evaluate the working of NBFCs by stating examples.
- c) “DFI’s have been criticized for not reaching to rural sector”. Comment on the statement by stating the role of DFI’s rural sector.

4 Attempt any **two** of following : **10×2=20**

- a) Life insurance companies are coming out with more of market linked products. Explain the reason for rise in these types of product by bringing out advantages and disadvantage associated with them.
- b) What are main tax provisions for schemes in life insurance, General insurance and mutual fund.

- c) Explain with reference to mutual fund following terms :
- (i) Asset under management
 - (ii) Systematic Investment Plan (SIP)
 - (iii) Hybrid Fund
 - (iv) AMFL.

5 Attempt any **two** of following : **10×2=20**

- a) GF Ltd. has recently structured a leveraged lease transaction involving an investment of Rs.65 crore. The investment is funded in the following manner :

GF Ltd. being the equity participant is to invest 30% of total cost.

The balance is to be raised by means of debt from SBI which is the loan participant. The rate of interest on loan component is 16% p.a and the repayment to be made in 5 EAI's. (Equaled Annual Installment). You are required to calculate Annual Lease rental assuming that required rate of return of GF Ltd. is 20% p.a

- b) How does factoring helps in reducing the cost of receivable by explaining the process.
- c) Differentiate the following :
- (i) Leveraged lease and Hire purchase
 - (ii) Debit card and Credit card
 - (iii) Forfeiting and Discounting of bills.

