Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 3– EXAMINATION – WINTER 2015

Subject Code: 2830202 **Date: 05/12/2015**

Subject Name: Management of Financial Services

Time:10.30 AM TO 01.30 PM **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q. No.		Answer the following MCQ by selecting a correct answer from the given four choices?	6
Q.1 (a)		Which of the following loan is highly secured? A. Mortgage B. Educational Loan C. Cash Credit D. Overdraft	
	1.	Which was the first Indian Public sector bank to set up its Merchant Banking division in 1972? A. SBI B. Central Bank of India C. Bank of India D Bank of Baroda	
	2.	In Indian Financial System, Banks are a part of A. Regulatory bodies B. Financial Markets C. Financial Intermediaries D. Others	
	3.	CRISIL rated the first securitization programme of which bank in India in 1991? A. SBI B. CITI Bank C. ICICI D. Bank of America	
	4.	Which option is correct for managing the firm's receivables and converts them to cash? A. Factoring B. Securitization C. Forfeiting D. None of the above	
	5.	What is the minimum underwriting obligation for a merchant banker as a lead manager of the total issue? A. 10% B. 15% C. 5% D. 20%	
	6.		
Q.1	**(b)**	1. Define Bank assurance 2. Major parties of the transaction of securitization 3. Define Cherry picking 4. Define Leasing	**04**
Q.1	**(c)**	State the various function of Indian Financial System	**04**
Q.2	**(a)**	Describe the book building and reserve book building process in detail	**07**
	(b)	Describe in detail the Venture Capital financing process in India	**07**

OR

	(b)	Classify the Mutual funds in India as per its Structure and Investment objective	**07**
Q.3	**(a)**	Describe the parties associated with leasing and the advantages and disadvantages of it.	**07**
	(b)	Scope and potential of Forfeiting as an export financing option in India.	**07**

OR

Q.3	**(a)**	Write a detailed note on characteristics of factoring services and type of factoring	**07**
	(b)	Briefly elaborate on the future of Securitization in India	**07**
Q.4	**(a)**	State the characteristics of Financial Markets and write a detailed classification of it	**07**
	(b)	Enumerate the current structure of Institutional framework in the financial services in India	**07**

OR

Q.4	**(a)**	Define a Letter of Credit. Describe in detail the different types of LC	**07**
	(b)	What is Electronic funds transfer? How it operates in India	**07**

Q.5 **14**

Your money may not be safe in the bank, and not because of macro reasons beyond control. Cheating and forgery have led to public and private sector banks losing as much as Rs.27,000 crore cumulatively in the last five years, reveals information under the Right to Information (RTI) Act. Nagaraju Kopula, who has been suffering from lung cancer since 2012 and lost Rs.1.23 lakh from his account on March 6, 2015, The money had been collected by his friends and family for his treatment and other expenses. "One day somebody called from his bank to ask for his account details and after that all the money was gone," says a Kopula. His was amongst the 1,124 cases reported by one of the leading public sector bank, the worst hit with losses of Rs.3,494 crore.

Of the Rs.27, 000 crore losses, public sector banks accounted for Rs.24, 000 crore and the rest Rs.3, 000 crore was reported by private sector banks.

1. Analyze the case and identify the major factors responsible for these banking frauds.
2. What measures do you suggest to overcome and reduce the number of banking frauds in Banking Industry?

OR

Q.5 **14**

Mr Parekh is a 25 years of age, and working as an IT professional in a multinational company headquartered in the U.S. He draws a monthly salary of INR 50, 000 (post tax) and have 2 Systematic Investment Plans (SIPs) of different AMC on-going every month since last 2

years with an investment of INR 2000 in each. However, in the last one year both the mutual fund schemes have not posted significant returns.

1. Hence, he would like to seek your advice whether he should stop his SIP, and later withdraw money when equity markets improve, or just continue with the SIPs and stay invested?

He also intends to invest his money so as to have some tax benefit from it. He is ready to stay invested for a period of 15 years in order to create a big corpus.

2. What basic Investment characteristics you will analyze of Mr. Parekh before suggesting him for investments?
3. Suggest the different option of investment in equity market to have tax advantages on the basis of his requirements?

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