



PG – 700

III Semester M.Com. Degree Examination, January 2018

(CBCS)

COMMERCE

Paper – 3.3 FB : Financial Services

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** of the sub-questions. **Each** sub-question carries **2** marks. (7×2=14)
- Name any four non-fund based financial services.
  - What is Dry lease ?
  - How does credit card differs from debit card in use ?
  - Define credit rating.
  - What is SPV in securitisation ?
  - What is Derivative ?
  - Distinguish between Hire purchase and instalment purchase.
  - What is private equity ?
  - Who is an opt-out broker in mutual fund industry ?
  - Name any two depositories.

SECTION – B

Answer **any four** of the following. **Each** question carries **5** marks. (4×5=20)

- Explain briefly financial innovations.
- Compare and contrast factoring v/s bill discounting.
- Briefly explain types of mutual fund schemes.
- What is securitisation ? Explain the process of securitisation.
- Explain the uses of credit rating with respect to securities.

P.T.O.



7. Greenway Ltd. has taken a plant on lease, valued at Rs. 20 crore. The lease arrangement is in the form of a leveraged lease. The Greenway is the equity participant and the Hypothetical Bank Ltd. is the loan participant. They fund the investment in the ratio of 2 : 8. The loan from HBL carries a fixed rate of interest of 19 per cent, payable in 6 equated annual installments. The lease term is 6 years, with lease rental payable annually in arrear.
- Compute the equated annual installment from the point of view of Greenway Ltd.
  - If the lease rate is unknown, and HBL's per-tax yield is 25 per cent, what is the minimum lease rate that must be quoted ?

### SECTION – C

Answer **any three** of the following. **Each** question carries **12** marks. **(3×12=36)**

- Discuss the role of financial services in economic development of a country.
- What is venture capital ? Explain various factors considered while evaluating new project ideas by venture capitalists.
- What is mutual fund ? Critically evaluate mutual fund as an investment avenue for individual investors.
- ABC Builders Ltd. need to acquire the use of a crane for their construction business and are considering buying or leasing a crane. The crane costs Rs. 10,00,000 and is subject to the straight line method of depreciation to a zero salvage value at the end of 5 years. In contrast, the lease rent is Rs. 2,20,000 per year to be paid in advance each year for 5 years. ABC Builders Ltd. can raise debt at 14 per cent payable in equal annual installments, each instalment due at the beginning of the year. The company is in the 50 per cent tax bracket. Should it lease or buy the crane ?
- Answer the following :
  - Process at dematerialization.
  - Mechanics of factoring.