

Model Question Paper

Third Semester MBA Degree Examination

Banking and Financial Services

Time: 3 Hours

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q1 to Q7.

2. Question No. 8 is compulsory.

3. M: Marks, L: RBT (Revised Bloom's Taxonomy) level, C: Course outcomes.

			M	L	C
Q1	a.	Differentiate between neo-banking and traditional banking?	03	L2	CO1
	b.	An SME owner needs a quick fund transfer service for vendor payments. Make use of a suitable digital payment method and justify your choice based on speed and transaction value.	07	L3	CO1
	c.	Consider a microfinance institution planning to expand its services to urban slums. Identify the challenges and opportunities involved.	10	L3	CO1
Q2	a.	A start-up is exploring private placement as a funding option. Briefly describe the concept of private placement.	03	L2	CO2
	b.	A farmer wants to avail credit facilities but prefers dealing with cooperative banks. Explain how Primary Agricultural Co-operative Societies can address the farmer's requirements.	07	L2	CO1
	c.	A public sector bank is experiencing a decline in its performance due to outdated banking technology. As a consultant, propose technological upgrades and strategies that could help the bank to improve its operational efficiency and customer satisfaction.	10	L3	CO1
Q3	a.	A company is planning to go public but not confident about the preparation of a prospectus. Explain the importance of a prospectus in the context of an IPO.	03	L2	CO2
	b.	A company is evaluating whether to use the Book Building process or Fixed Price issue for its IPO. Compare the two methods and recommend the best approach for the company.	07	L2	CO2
	c.	A financial advisor is guiding a client about pre-issue and post-issue management activities for their upcoming IPO. Develop a checklist of essential activities for both pre-issue and post-issue management to ensure a smooth public offering process.	10	L3	CO2
Q4	a.	Explain the key differences between leasing and hire purchase agreements in terms of ownership, payment structure, and flexibility.	03	L2	CO3
	b.	A small entrepreneur is exploring funding options and comes across the term "NBFCs." Explain the role and functions of NBFCs in India's financial system.	07	L2	CO3
	c.	A rural community is struggling to access traditional banking services and relies heavily on microfinance. Identify the challenges and future prospects of microfinance in addressing the financial needs of such communities, citing examples.	10	L3	CO3
Q5	a.	A company is exploring options to raise funds through the bond market but needs to understand the role of credit rating. Describe the benefits of credit rating for companies seeking to raise capital.	03	L2	CO4

	b.	A financial institution is evaluating whether to participate in the securitization of debt. Apply the securitization process.	07	L3	CO4
	c.	Small investor in a rural area wants to invest in a company that is located in a major city. Examine the objectives of the depository system and explain how clearing and settlement procedures work in securities trading.	10	L3	CO4
Q6	a.	A new investor wants to understand the basic concept of mutual funds before investing. Interpret the meaning of mutual funds and describe any three functions.	03	L2	CO4
	b.	A potential investor is trying to understand the role of different participants in a mutual fund. Identify the key participants in a mutual fund and their respective roles.	07	L3	CO4
	c.	A beginner in investments is confused about the different types of mutual fund schemes. Identify the different types of mutual fund schemes available to investors.	10	L3	CO4
Q7	a.	A customer is curious about why banking frauds occur despite security measures. Briefly describe two common reasons behind the occurrence of frauds in banking.	03	L2	CO1
	b.	NBFC's are known for their diversified services. Identify and outline diversified services rendered by NBFC's	07	L3	CO3
	c.	CDSL works in support of investors and brokers in the Indian Capital Market. Identify the various benefits of CDSL to the investor community.	10	L3	CO3
Q8		CASE STUDY (Compulsory)			
		<p>ADAG Ltd is in the business of manufacturing bearings. Some more product lines are being planned to be added to the existing system. The machinery may be bought or may be taken on lease. The cost of the machine is Rs 40,00,000 having a useful life of 5 years with the salvage value of Rs 8,00,000. The full purchase value of machine can be financed by 20% loan repayable in five equal instalments falling due at the end of each year. Alternatively, the machine can be procured on a 5-year lease. Year-end lease rentals being Rs 12,00,000 p.a. The company follows written down value method of depreciation at the rate of 25%. Tax rate is 35% and the cost of capital is 16%.</p> <p>Question: Analyze the total cost of both the options (buying and leasing), considering the depreciation tax shield, loan repayments, lease payments, and the company's cost of capital. Recommend the most cost-effective option for the company.</p>	20	L4	CO3
