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MANAGEMENT OF FINANCIAL SERVICES

THIRD PAPER

Full Marks : 100

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Give direct answers to the following : 4×10=40

- (a) Define four major constituents of financial services.
- (b) What is the rule of asset classification for Non-Banking Financial Companies (NBFC) according to prudential norms of RBI?
- (c) Explain the important features of financial leasing.
- (d) What is the difference between recourse and non-recourse factoring?
- (e) State two major reasons for securitization.
- (f) Explain the meaning of consumer credit.

- (g) State the major characteristics of factoring.
- (h) Explain the meaning and purpose of venture capital.
- (i) What is credit rating? What is the need for credit rating?
- (j) Mention the major weaknesses of the Indian Bill Market.

2. Answer any *five* questions from the following : 6×5=30

- (a) Discuss different categories of merchant bankers.
- (b) The cost of a machine is Rs 500 lakhs. The primary lease period is 5 years. The required rate of return of the lessor is 15% per annum. Calculate the lease rental amount by equated method if the mode of payment is in advance.

Given :

PVIF Table

Year	1	2	3	4	5
PVIF (15%)	0.870	0.756	0.658	0.572	0.497

- (c) Discuss any four functions of a factor.
- (d) Define the terms originator, special purpose vehicle and investors involved in a securitization transaction.

- (e) Explain briefly the rating process adopted by credit rating agencies of India.
- (f) Discuss the process of exit by the venture capitalists.
- (g) What is merger? Discuss the concept of different types of synergy in merger.

3. Answer any two questions : 15×2=30

- (a) What are different kinds of public issue? Briefly explain the role of intermediaries in public issue.
- (b) What is the cost of merger from the point of view of the acquiring firm? Discuss the exchange ratios which are used in case of merger decision.
- (c) Explain the meaning of plastic money. Discuss the differences between credit cards and debit cards.
- (d) Discuss briefly any five functions of the merchant banker.

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