

life of 5 years with salvage value of Rs. 1,00,000 after the expiry of 5 years. The purchase can be financed by 20 percent loan repayable in 5 equal annual instalments (inclusive of interest) becoming due at the end of each year. Alternatively, the machine can be taken on year-end lease rentals of Rs. 4,50,000 for 5 years. Advise the company, which options it should choose. You may assume the following :

- (a) The company follows written down value method of depreciation, the rate of depreciation being 25 per cent.
- (b) Tax rate is 35 percent and cost of capital is 18 percent.
- (c) Lease rents are to be paid at the end of the year.
- (d) Maintenance expenses estimated at Rs. 30,000 per year are to be borne by the lessee.

**11**

**Roll No. ....**

**Exam Code : J-19**

**Subject Code—0296**

**M.B.A. EXAMINATION**

**(Fourth Semester)**

**(Main/Re-appear Batch 2009-2017)**

**MANAGEMENT OF FINANCIAL SERVICES**

**FM-404**

*Time : 3 Hours*

*Maximum Marks : 70*

**Section A**

**Note :** Attempt any *Seven* questions. **7×5=35**

- 1.** What are components of Indian Financial System ? Explain in short.
- 2.** What do you understand by the term “Financial Services” ? List out these services.
- 3.** What is book building ? How Merchant Bankers help in this work ?

4. Distinguish between a share and a mutual fund unit. Which should be preferred ?
5. Write notes on financial lease, operating lease and sale and lease back.
6. Explain the features of hire-purchase.
7. Define the term merchant banking. How do they help in loan syndication ?
8. Describe the various types of life insurance products and policies giving their features.
9. What are Options ? What are advantages and disadvantages of options ?
10. Explain the various risks faced by financial institutions.

### Section B

**Note :** Attempt all the questions.

11. What are the various kinds of financial services provided by banks and financial institutions ?

*Or*

Explain the services rendered merchant bankers in India. **12**

12. Explain the role of SEBI in regulation of Financial Services.

*Or*

Explain the meaning, merits and demerits of venture capital in India. **12**

13. Discuss the present state of the mutual funds in India and outline the causes for their slow growth.

*Or*

ABC Ltd., is in the business of manufacturing steel utensils. The firm is planning to diversify and add a new product line. The firm either can buy the required machinery or get it on lease.

The machine can be purchased for Rs. 15,00,000. It is expected to have a useful