

**June - August 2012**

Master of Business Administration (MBA) Examination

**III Semester**

**Financial Systems and Services**

Time : 3 Hours]

[Max. Marks : 80

**Note : Attempt any four questions from Section A. Each question carry equal marks. Section B is compulsory and Carries 20 Marks**

**Section A**

1. Discuss the structure of Indian and Global Financial System.
2. What are the powers with SEBI to promote development of securities market and protection of investor's interest?
3. Briefly describe the major type of risks to which banks are exposed? Discuss any two measures of Risk Management.
4. What is Credit Rating? Name different agencies involved in credit rating in India. Comment briefly on Ratings issued by any one agency.
5. Write short notes on any two of the following :  
(a) Benefits of Mutual Funds.                      (b) Management Instruments.  
(c) E-banking.    (d) Factoring.
6. What is Venture Capital? Briefly explain its role in the development of the country.

**Section B**

7. The following information is relating to an asset to be leased by A Ltd. :
  - (1) Cost of equipment is Rs. 1,00,000.
  - (2) The cost of capital of the lessor is 12%.
  - (3) The lessor is in 40% tax bracket.
  - (4) The depreciation is charged according to straight line method and the salvage value is Rs. 20,000 after 5 years.
  - (5) The direct cost to the lessor is Rs. 500 at the end of the 1st year.
  - (6) The estimated cost for general administration in respect of the equipment to the lessor is Rs. 1,500 per year.
  - (7) The lessee agreed to pay : An annual rent of Rs. 36,000 for 5 years, a security deposit of Rs. 3,000 which is refundable at the end of the lease term, and a sum of Rs. 1,350 as non-returnable management fees payable at the time of inception of the lease.
    - (a) Evaluate the proposal from the point of view of the lessor.
    - (b) Mention various Tax benefits lessor and lessee can avail in Indian context.

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