

MASTER OF BUSINESS ADMINISTRATION
FOURTH SEMESTER
ADVANCED FINANCIAL SERVICES
MBA – 403C

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1×20=20

1. A set of complex and closely connected instructions, agents, practices, markets transactions, claims and liabilities relating to financial aspects of an economy is referred as
 - a. Financial system
 - b. Financial market
 - c. Financial institution
 - d. Financial services
2. Which of the following is fee based services offered under financial services?
 - a) Issue management
 - b) Portfolio management
 - c) Corporate counselling
 - d) Hire purchase
 - e) Leasing
 - a. D, A and B
 - b. A, B and D
 - c. A, B and C
 - d. A, B and E
3. In which of the leasing types, the lessor lease the assets to a number of lease over expected life of an assets?
 - a. Financial lease
 - b. Operational lease
 - c. Sale and lease
 - d. Domestic lease
4. Which of the following are not the distinct Features of venture capital?
 - a) Venture capital intends to retain his investment in the investee company for ever.
 - b) Venture capital mainly invest in debt proportion of the capital structure
 - c) Venture capitalist invests in highly risky and profitable projects based on feasibility.
 - d) Venture capital intends to act as an owner of the company and exercise control over board of director.
 - a. A, B D
 - b. B, C and D
 - c. C and D
 - d. Only C
5. Credit Rating Information Services of India (CRISIL Ltd.) was established in the year
 - a. 1978
 - b. 1987
 - c. 1982
 - d. 1969
6. Money Market is regulated and supervised by
 - a. Reserve bank of India Act
 - b. Banking Regulation Act
 - c. SEBI Act
 - d. None of the above

7. Which of the following is not the benefit of credit rating agencies to the investor?
- Safeguards against Bankruptcy
 - Credibility of Issuer
 - Rating Facilitates Quick Investment Decisions
 - Wider audience for borrowing
8. Which of the following statement correct explain the term 'rating watch'?
- A rating watch is analyzing emerging situation, which is having material impact both positive and negative on the performance of issuer company.
 - Monitoring of immaterial activities of the issue company, in order to study the impact on credit rating.
 - Analyzing the external and internal factor responsible for growth and performance of the issue company.
 - Both A and C.
9. In factoring, there is quasi contract involved
- Between debtor (buyer) and the seller
 - Between debtor (buyer) and the factor.
 - Between seller and factor
 - None of the above.
10. Which of the following is not a type of factoring?
- Recourse factoring
 - Non-recourse factoring
 - Full factoring
 - None of the above
11. Which of the following statement related to call money is correct?
- It is used for inter-bank transactions.
 - It can also be raised to comply with the requirements of RBI to maintain CRR (Cash Reserve Ratio) and SLR (Statutory Liquidity Ratio).
 - It is repayable on demand and its maturity period is 1 day to 14 days.
 - Interest paid on Call money is also known as bill rates.
- A, B, C and D
 - A, B, and C
 - B,C and D
 - A and D
12. Which of the following is not a features of stock exchange?
- Market for securities
 - Deals in first hand securities
 - Regulates trade in securities
 - Both A and B
13. Which of the following is not a type of speculator in the securities markets?
- Jobber:
 - Bull
 - Lame duck
 - Rabbit
14. Find the incorrectly match from the following statement.
- Transaction Exposure- risk involved in dealing with multiple currency across border.
 - Transaction exposure - risk arises due the changes in the book value of the parent's investment in the subsidiary, resulting in loss to the parent company.
 - Economic Exposure- risks that associated with the changes in the present value of a firm, an asset or a liability on account of the exchange rate change
 - Country exposure - risk associated with the attitude, perception and cognitive ability of the resident of a particular country.

15. Which of the statement is wrongly stated in context to Bombay stock exchange?
- It is the oldest stock exchange in the entire Asia.
 - It is located in Dalal Street, Mumbai.
 - It has the largest number of companies of the world listed on it.
 - Nifty is the indexed used by Bombay Stock Exchange.
16. Arrange the following sequence of investment in mutual funds from investment platform.
- Choose the payment type (SIP or lump-sum) and the amount
 - Create an account with the investment platform
 - Fill in the few personal details like PAN and bank details
 - Pick up the scheme or plan
 - Transfer money online to complete the investment.
- BDCAE
 - ABCDE
 - BDACE
 - DEABC
17. Arrange the debt instrument rating symbol of CRISIL Pvt. Ltd from the safest to the default risk.
- C
 - AAA
 - BB
 - BBB
 - D
- BDCEA
 - CBADE
 - BCDAE
 - BDCAE
18. Assertion: AAA Corporate debt credit rating facilitates to generate the wider audience of investor for the issuer.
Reason: The safest rating ensures the timely payment of principal and the interest for the investor resulting in attraction of investor.
- Both A and R is true but R is not the correct explanation of A
 - Both A and R is true and R is the correct explanation of A
 - A is true, R is false
 - A is false, R is true
19. Which of the following statement in context of hire purchase is correct?
- Under hire purchase system, the buyer takes possession of goods immediately and agrees to pay the total hire purchase price in installments.
 - The ownership of the goods passes from the seller to the buyer on the payment of the first installment.
 - Each installment is treated as hire charges
 - The hirer has the right to terminate the agreement any time before the property passes.
- A, B, C and D
 - A, C and D
 - B, C and D
 - A, B and D
20. Which of the following bodies regulated the Capital market in India?
- SEBI
 - RBI
 - IRDAI
 - TRDA

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Enumerate the various challenges faced by the financial services industry prevailing in India. 10
2. Distinguish between hire purchase and leasing with suitable basis. Illustrate a various criterion involved for buy or lease decision. 5+5=10
3. What is factoring? Explain the various parties involved in the factoring process. Highlight the advantages of factoring from corporate prospective. 2+3+5=10
4. What are American Depository Receipts? Distinguish between American depository Receipts and Global Depository Receipts on suitable basis. Highlight the advantages of ADR. 2+3+5=10
5. What is securities market? State the components/participants of securities market. State the various instruments traded in securities market. 2+3+5=10
6. Explain the concept of Credit rating. How is credit rating process undertaken by the credit rating agencies? Explain the benefits of credit rating from both the parties prospective i.e. crediting rating agencies and the corporate 3+4+3=10
7. What are securities of debt? How many parties are involved in the process of securities of debt? State the merit and demerit of securities of debts. 2+3+5=10
8. What are financial services? Distinguish between fee based and fund based services on suitable basis. Explain the various scopes involved in financial services. 2+3+5=10

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