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Question Paper Code: CMB406



INSTITUTE OF AERONAUTICAL ENGINEERING
(Autonomous)

MBA III Semester End Examinations (Supplementary) - May/June, 2018

Regulation: IARE-R16

FINANCIAL SERVICES AND SYSTEMS

Time: 3 Hours

(MBA)

Max Marks: 70

Answer ONE Question from each Unit

All Questions Carry Equal Marks

All parts of the question must be answered in one place only

UNIT – I

1. (a) Discuss the role of the financial system in the economic development of the country. [7M]
(b) Explain the causes for financial innovation. [7M]
2. (a) How does fund based activities differ from non fund based activities? [7M]
(b) Explain the weaknesses of Indian financial system. [7M]

UNIT – II

3. (a) Explain the concept of leasing. Write the advantages of leasing. [7M]
(b) Explain the accounting treatment of lease in the books of the lessor. [7M]
4. (a) Define hire purchase. What are the features of hire purchase agreement? [7M]
(b) What are the factors influencing buy/ borrow or lease decision? Explain. [7M]

UNIT – III

5. (a) What is mean by factoring and discuss the functions of a factoring. [7M]
(b) Define bill discounting. Discuss the characteristics of a bill of exchange. [7M]
6. (a) What are the factoring related suggestions made by Kalyana sundaram committee? [7M]
(b) Discuss the advantages of bill discounting to investors and banks. [7M]

UNIT – IV

7. (a) Define venture capital and explain the features of venture capital. [7M]
(b) Discuss the alternative forms in which venture capital institutions can be structured. [7M]
8. (a) Explain the important channels for exit of investments in venture capital financing. [7M]
(b) Explain the steps involved in the valuation of venture capital undertaking according to [7M]
 - i. Conventional venture capitalist valuation method
 - ii. The first Chicago method.

UNIT – V

9. (a) What is book building? Explain briefly the framework of the book building method of issues of capital. [7M]
- (b) Explain various functions of merchant banking. [7M]
10. (a) Explain the framework of operations of brokers to the issue. [7M]
- (b) Discuss the benefits of credit rating to rated companies. [7M]