

**BACHELOR OF BUSINESS ADMINISTRATION  
SIXTH SEMESTER  
FINANCIAL SERVICES  
BBA-604C**

Duration : 3 hrs.

Full Marks: 70

( PART-A: Objective )

Time : 20 min.

Marks : 20

Choose the correct answer from the following:

1X20=20

1. In hire purchase system, each installment is treated as ----- till the last installment is paid.  
a. Interest  
b. Hire charge  
c. payment  
d. Credit
2. The type of lease that includes a third party, a lender, is called a(n):  
a. sale and leaseback  
b. Direct leasing arrangement.  
c. Leveraged lease.  
d. Operating lease.
3. A direct lease, a sale and leaseback, and a leveraged lease are all examples of  
a. operating leases.  
b. financial leases.  
c. full-service leases.  
d. "off-balance sheet" methods of financing.
4. In India, forfaiting is done by ----- bank  
a. Foreign bank  
b. RBI  
c. Commercial bank  
d. EXIM bank
5. Maturity factoring is also known as  
a. Maturity factoring  
b. Disclosed factoring  
c. Agency factoring  
d. Notified factoring
6. Venture capital organized in -----.  
a. 1995  
b. 1954  
c. 1952  
d. 1950
7. ----- types of valuation method can be adopted by VCFs.  
a. 1  
b. 2  
c. 3  
d. 4
8. Write the example of V C Fs of state financial institution  
a. With recourse factoring  
b. Disclosed factoring  
c. Agency factoring  
d. Notified factoring

9. A merchant bank is a financial institution conducting money market activities and:
- |                       |                                      |
|-----------------------|--------------------------------------|
| a. Lending            | b. Underwriting and financial advice |
| c. Investment service | d. All of the above                  |
10. Formal merchant banking activity in India was originated in\_\_\_\_\_.
- |         |         |
|---------|---------|
| a. 1978 | b. 1969 |
| c. 1769 | d. 1987 |
11. Functions of financial services exclude -----.
- |                            |                       |
|----------------------------|-----------------------|
| a. Mobilization of savings | b. Allocation of fund |
| c. Specialized services    | d. Collection of tax  |
12. Chief characteristics of financial services:
- |                   |                         |
|-------------------|-------------------------|
| a. Intangibility  | b. Customer orientation |
| c. Inseparability | d. All of the above     |
13. Categories of securities issue:
- |                      |                     |
|----------------------|---------------------|
| a. Public issue      | b. Rights issue     |
| c. Private placement | d. All of the above |
14. Financial service companies exclude -----.
- |                        |                        |
|------------------------|------------------------|
| a. Commercial banks    | b. Insurance companies |
| c. Sole proprietorship | d. Sole proprietorship |
15. The \_\_\_\_\_ is the apex organization in the Indian money market
- |         |         |
|---------|---------|
| a. SBI  | b. RBI  |
| c. SEBI | d. IDBI |
16. Native Stock and Share Brokers Association is the old name of
- |         |         |
|---------|---------|
| a. SEBI | b. NSE  |
| c. BSE  | d. IRDA |
17. Secondary markets in treasury bills require involvement of \_\_\_\_\_ and \_\_\_\_\_.
- |                       |                     |
|-----------------------|---------------------|
| a. Brokers, Dealers   | b. Buyers, Sellers  |
| c. Consumer, Producer | d. All of the above |
18. The term \_\_\_\_\_ is defined as a central location for keeping securities on deposit
- |                 |                      |
|-----------------|----------------------|
| a. Depository   | b. Instrument        |
| c. Institutions | d. None of the above |
19. Which of the following is not a fee-based financial service?
- |                         |                     |
|-------------------------|---------------------|
| a. Corporate counseling | b. Lease financing  |
| c. Profit management    | d. Issue management |



20. Financing sick unit to make them profitable is called -----.
- a. Turn around
  - b. Buyout
  - c. Bridge
  - d. None of these

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**( PART-B : Descriptive )**

Time: 2 HRS 40 MINS

Marks : 50

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

1. Explain Merchant Banking with the help of an appropriate example and highlight its functions in the Indian financial market. 10
  
2. Discuss the recent trends in financial services in India. 10
  
3. a. Explain the concept of ECB, ADR, GDR, Derivatives, and Scalping Trading 2×5=10
  
4. From the following information, you are required to show the loan repayment schedule under each of the following three methods: 10
  1. Steady principal reduction method
  2. Steady payment method
  3. Balloon payment method

Purchase Price of Asset : Rs. 1,25,000  
Down Payment : Rs. 25,000  
Period of Loan : 5 years  
Interest : 8% p.a.  
Annuity factor at 8% for 5 years : 3.993

Assume that the firm pays nothing in the first 2 years, Rs. 20,000 in the 3<sup>rd</sup> and 4<sup>th</sup> years and Rs. 60,000 in following the 5<sup>th</sup> year, with an interest rate of 9% under the balloon payment method
  
5. What is the concept of hire purchase? Discuss the advantages and disadvantages of hire purchase 2+4+4=10
  
6. a. Discuss the role of SEBI in the Indian financial market. 6  
b. What is an open-ended and close-ended mutual fund? 4
  
7. a. Discuss the concept of factoring and the types of factoring 1+5=6  
b. Distinguish between forfeiting and factoring. 4
  
8. Write explanatory notes on any two of the following : 5
  - a) Credit rating
  - b) Mergers 5
  - c) Acquisition

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