

Roll No.

Total No. of Pages : 03

Total No. of Questions : 10

MBA (Sem.-3)
MANAGEMENT OF FINANCIAL SERVICES

Subject Code : MBA-912-18

M.Code : 76897

Date of Examination : 12-06-23

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consists of ONE Case Study carrying TWELVE marks.

SECTION-A

1. Write briefly :

- a) Mutual Funds
- b) Private Equity Firms
- c) Credit Rating
- d) Merchant Banking
- e) Securitization
- f) Credit Card
- g) Value at Risk
- h) Capital Adequacy

SECTION-B

UNIT-I

2. *‘Mutual funds provide a professionally managed investment option to the retail investors so that they may achieve their financial objectives’*. Elucidate with suitable examples.
3. Define financial inclusion. Write a detailed note on various methods and tools used by government of India for financial inclusion in India.

UNIT-II

4. Differentiate between leasing and hire purchase. Write a detailed note on leasing and hire purchase serve as a tool for financing.
5. What do you mean by venture capital? Write a detailed note on the objectives and functions of venture capital funds in India.

UNIT-III

6. What do you mean by factoring services? Discuss the objective and functions of factors. Briefly discuss the future prospects of factoring services in India.
7. What is plastic money? Discuss the various pros and cons of plastic money. Also discuss various factors affecting utilization of plastic money in India.

UNIT-IV

8. Define Asset Liability Management in case of a banking company. Discuss the process and various norms for Asset Liability Management for Banks in India.
9. What are Basel norms? Write a detailed note on how Basel norms act as a tool for risk management in banks.

SECTION-C

10. Case Study :

The consumer is in a state of frenzy. The market for white and brown goods is offering him the ever-widening choice he longed for and, egging him on are financiers, assuring him a smooth payments road ahead. Credit card companies, in particular, are wooing potential users to own one, extolling the benefits that accrue in an attractive package. As the fastest growing segment in consumer lending, credit cards have not only attracted a number of new entrants but a far larger number of users. Debit cards which have been rather slow in coming, are also growing in number.

There is a sudden burst of activity and growth in the credit card market. The signals are that the competition for the rising consumer spend in the market is hotting up and The future seems to portend explosive growth. Prima facie, credit cards are an avenue for profitable businesses. So, crowding of the market appears natural. As a business with a promising future, offering credit cards to the customers along with other services will be crucial for banks, according to industry analysts. These trends are expected to impact the nature of competition too. The introduction of new cards and a variety of innovative methods to create consumer pull is the 'in' thing. The changing consumer needs and the ability of the credit card issuers to respond to them, saw the market for long, have been added the co-branded and affinity cards which, in all likelihood, will segment the market.

The reasons for the renewed interest in credit cards are many. First, there is an assault on India's credit-shy culture through savvy marketing, and the desire to buy goods and services on credit is being aroused. The RBI helped the process by removing all restrictions on non-resident Indians nominating their relatives or other resident Indians as additional Credit cardholders against their foreign currency accounts abroad.

There is a flip side to all this. All is not hunky dor} with the credit card business. Delinquencies can be major constraint to growth of the credit card industry. Surprisingly, India does not have legislation for credit cards while the areas vulnerable to fraud are growing. There is neither a clear idea of out standings in this high-risk high-volume, low margin industry, nor a common database to check defaulting clients. The RBI issued guidelines in November 1999, on the issue of debit smart cards by the banks and imposed certain restrictions. This should bring greater discipline in the industry. So the industry is fast catching up to meet the millennium challenge of converting the "cash is king" .mindset of the Indian population- into a credit one. Once this happens, the market can grow exponentially with more innovations thrown in.

Question :

- a) Between convenience and status symbol, which image is driving the credit card business in India? Explain with reasons.
- b) What are affinity cards? Discuss their contribution to the expansion of the credit card business?
- c) Discuss the need for regulations and the areas to be regulated in the credit card business.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.