

Time: 03 Hours

Max. Marks: 70

Section-A

Note: Answer any Two questions. Each Question carries 10 marks. Answer to each question should not exceed 5 pages.

(2X10=20)

1. Describe the problems of Indian financial system.
2. Explain the service based function offered by merchant banking.
3. Bring out and explain the benefits of depositories in India.

Section-B

Note: Answer any Three questions. Each Question carries 12 marks. Answer to each question should not exceed 6 pages.

(3X12=36)

4. Discuss the components of money market.
5. Explain the changing trends in Indian insurance sector.
6. Describe the impact of nationalisation banks on Indian economy.
7. Bring out and explain the significance of credit rating.
8. Compute the cost of hire purchase with 8 annual year end installment and comment on it.

Value of the asset Rs. 10,00,000

Flat rate of interest 14 percent PA.

Tax rate 35 percent

Cost of capital 10 percent.

Depreciation straight line basis.

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Section-C

(Compulsory)

(1 x 14 =14)

Note: Answer to each question should not exceed 6 pages.

9. ABC Ltd. is considering to buy a machine costing Rs. 1,10,000, Rs. 10,000 payable down and the balance in 10 annual equal instalments inclusive of interest chargeable at 15%. Another option before it is to acquire the asset on a lease rental of Rs. 15,000 per annum for 10 years. As a financial manager, decide between these two options that:
 - i) Scrap value of Rs. 20,000 is realizable if the asset is purchased
 - ii) The firm provides 10% depreciation on straight line method on the original cost.
 - iii) The tax rate is 50%, and after tax cost of capital is 15%.
