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Question Paper Code	13089
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MBA - DEGREE EXAMINATIONS, NOV / DEC 2024

Third Semester

Master of Business Administration

20MBF302 - MERCHANT BANKING AND FINANCIAL SERVICES

Regulations - 2020

Duration: 3 Hours

Max. Marks: 100

PART - A (10 × 2 = 20 Marks)

Answer ALL Questions

	Marks	K- Level	CO
1. Define Investment Banking.	2	K1	CO1
2. Explain the role of Merchant Banking in capital rising.	2	K2	CO1
3. What is Book Building?	2	K1	CO2
4. Explain prospectus.	2	K2	CO2
5. Recall the term credit rating.	2	K1	CO3
6. Infer credit syndication.	2	K2	CO3
7. List out the various types of lease.	2	K1	CO4
8. Interpret the term 'Swap leasing'.	2	K2	CO4
9. Relate how forfeiting is different from factoring.	2	K1	CO5
10. Define venture capital.	2	K2	CO5

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Demonstrate in detail of the regulatory framework available for merchant banking in India. 13 K2 CO1
- OR**
- b) Outline the recent developments and challenges ahead of merchant bankers in India. 13 K2 CO1
12. a) Classify the activities undertaken by merchant bankers in pre and post-issue management. 13 K4 CO2
- OR**
- b) Categorize the general obligations and responsibilities of the registrar to as issue. 13 K4 CO2
13. a) Model the rating methodology used by rating companies for manufacturing and finance companies. 13 K3 CO3

OR

- b) Organize the structure of the mutual fund operation in India. Also describe the various schemes that can be offered by it. 13 K3 CO3
14. a) Appraise briefly the role played by various participants in lease finance services. 13 K5 CO4

OR

- b) Determine the different kinds of leasing. Enumerate and explain the advantages and disadvantages of leasing. 13 K5 CO4
15. a) Examine the need for regulating the growth of venture capital funds in India. 13 K4 CO5

OR

- b) Classify the safeguards to be followed by a banker while granting consumer credit. 13 K4 CO5

**PART - C (1 × 15 = 15 Marks)
(Compulsory)**

16. a) **PNB enters Factoring Business** 15 K5 CO5

Picks up 30% stake in IFFSL; to focus on SMEs initially.

Punjab National Bank (PNB) has forayed into factoring business through the joint venture route. The joint venture company, India Factoring & Finance Solutions Pvt Ltd (IFFSL), on Wednesday commenced commercial operations simultaneously in New Delhi, Mumbai and Chennai.

To begin with, IFFSL will focus on domestic factoring and provide this financing solution primarily to small and medium enterprises (SMEs) and small-scale industries, PNB Chairman and Managing Director, Mr K. R. Kamath, said.

Factoring is a financial transaction where a business sells its accounts receivable to a third party called 'factor', which undertakes the activity of financing the receivables, administration of debt and collection of debt.

PNB has a 30 per cent stake in IFFSL and has already pumped in 30 crore into the venture. IFFSL has commenced operations with an initial paid-up capital of 100 crore, according to Mr Mohan Tank sale, Chairman of IFFSL, and an Executive Director of PNB.

Malta-based FIM Bank Plc has 49 per cent stake in IFFSL. The remaining stake is with other joint venture partners - Italy-based Banca IFIS and Blend Financial Services of Mumbai. Mr Kamath also said that regulatory approvals have been sought for IFFSL to provide international factoring/forfeiting. "Once the regulatory approval is received, IIFSL will provide both domestic and international factoring," he said.

Legal Framework

He also highlighted that factoring business in India has not made much progress due to lack of consolidated legal framework for the business. However, there has been growing realisation that factoring can be a solution for receivable management of the SME sector, Mr Kamath noted. In India, SMEs employ about 60 million people and account for about 45 per cent of total exports (in value terms) from the country.

Question:

Discuss the impact of factoring on bank's business