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BBA 18160 E 6

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BINA CHOWDHURY CENTRAL LIBRARY
(GIMT & GIPS)
Azara, Hatkhowapara,
Guwahati -781017

2022

B.B.A. 6th Semester End-Term Examination

BANKING AND FINANCIAL SERVICES

Full Marks – 70

Time – Three hours

The figures in the margin indicate full marks for the questions.

Answer Question No.1 and any FOUR from the rest.

1. Choose the correct answer. (10 × 1 = 10)
- (i) Which of the following is/are function(s) of financial services? (1)
- (a) Mobilisation of savings (b) Allocation of funds
(c) Specialised services (d) All of the above
- (ii) In a lease arrangement, depreciation on assets can be claimed by the (1)
- (a) Lessor (b) Lessee
(c) Manufacturer of the asset (d) None of the above
- (iii) Which of the following is a fee-based service? (1)
- (a) Hire purchase (b) Leasing
(c) Capital issue management (d) Bill discounting
- (iv) In hire purchase, till the payment of last instalment, the amount paid by hirer is treated as - (1)
- (a) Hire charges/rent (b) Interest
(c) Cash Price (d) None of the above
- (v) Retail banking is confined to _____ customer. (1)
- (a) Corporate (b) Government
(c) Individuals (d) None of the above
- (vi) A lease agreement commonly involves (1)
- (a) One party (b) Two parties
(c) Three parties (d) Four parties

[Turn over

- (vii) In India Insurance business is regulated by _____ (1)
- (a) RBI (b) SEBI
(c) IRDA (d) Ministry of Finance
- (viii) RBI is the lender of last resort for (1)
- (a) Central government (b) State government
(c) Stock markets (d) Commercial banks
- (ix) Principle of _____ implies that the financial position of the insured must be restored to the level one enjoyed before suffering the loss. (1)
- (a) Utmost good faith (b) Indemnity
(c) Subrogation (d) Contribution
- (x) Which of the following is/are credit rating organisation(s)? (1)
- (a) CRISIL Ltd. (b) CARE Ltd.
(c) ICRA Ltd. (d) All of the above

2. (a) Define financial services. Also discuss its functions. (2+5=7)
(b) Explain briefly the various financial services offered by the financial companies. (8)

3. (a) What do you mean by leasing? Also distinguish between operating and finance lease. (2+5=7)
(b) Discuss the benefits of leasing to (8)
- (i) Lessor and
(ii) Lessee.

4. (a) The First Leasing Company is planning to lease out one of its assets to Zenith Industries Ltd. The following information are provided related to this lease arrangement. (10)

- (i) Investment outlay – Rs.500 lakh.
(ii) Pre-tax required rate of return, 12 per cent per annum
(iii) Primary Lease period – 5 years
(iv) Residual value (after primary lease period) – Nil

Calculate the alternative lease rental structures based on the following assumptions-

- (1) Equated/Level lease rental
(2) Stepped lease rental (10 per cent increase per annum)
(3) Ballooned lease rental (annual rental of Rs.100 lakh for years 1-4)
(4) Deferred lease rental (deferment period of 2 years)

- (b) Regal Bill Discount Agency agreed to discount a Clean bill with a value of Rs.50,000. The discount rate applicable on the bill is 25 per cent per annum and the usance period being 90 days. Compute the effective annual rate of interest implicitly in this Bill. (5)
5. (a) What is hire-purchase arrangement? How is it different from Leasing? (3+5=8)
- (b) Discuss the process of creation of Bill of Exchange. (7)
6. (a) Discuss the fundamental principles that govern an insurance contract. (8)
- (b) Discuss the role of the Reserve Bank of India. (7)
7. Write notes on (any three) (3 × 5 = 15)
- (a) Advantages and limitations of Leasing
- (b) Types of Bills
- (c) Banking products and services
- (d) Role of banks in financial intermediation
- (e) Role of Credit rating agencies.

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