

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: PGDBFM

Examination: June 2015
Subject: Investment Decisions in Banking

Semester: III
Course : New
Marks : 70
Time: 3.00 p.m. to 6.00 p.m.

Date: 16.06.2015

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) Mention the functions of RBI.
- b) Write on the criticism of Basel I Accord.
- c) Write on Base Rate System.
- d) What are advantages of Leasing?

Q.2) Write short notes on (2 out of 5)

(Marks: 2X5=10)

- a) What constitutes CRR and SLR?
- b) What is pre-shipment finance? For what purpose it is extended?
- c) What is the difference between a LC and guarantee?
- d) What are the difference between financial lease and operating lease?
- e) Mention the various purposes for which credit rating is applied.

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Mention the various categories of Priority Sector lending and the RBI guidelines on the same
- b) What are the basic features of post shipment finance? List the different types of post shipment finance.
- c) What do you understand by securitization? What are the motives behind securitization? Mention RBI norms on Securitisation.
- d) What do you understand by bank's non fund based facilities? Write down the three broad categories of non fund bases facilities of bank
- e) What is Swap? Explain fixed-for-floating rate swap for same currency with example.

Q.4) Attempt both the questions

(Marks: 2X10=20)

Q 1.)

a) ABC Ltd is planning to install a captive generator set at its plant. The other facts are:

Buying:

Initial cost Rs 5, 00,000.00. , Residual value Rs 1, 60,000.

Leasing:

Lease period = 5 years, Annual lease rentals Rs 1, 50, 000.00, Residual value Rs 90,000.00 returned to Lessee in 5 years time.

Depreciation: @20% on written down value.

Corporate tax = 40%.

After tax cost of debt = 14%

The time gap between the claiming of the tax allowance and receiving the tax benefit is one year.

Evaluate the alternatives whether to buy or acquire the generator on lease basis.

Q2) Define three pillars of Basel II Accord. How credit risk, operational risk and market risk are measured?
