



GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

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POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21) END TERM EXAMINATION (TERM -V)

Subject Name: Management of Banking & Financial Services

Time: **02.30 hrs**

Sub. Code- PGF-03

Max Marks: **60**

Note:

All questions are compulsory. Section A carries 10 marks: 5 questions of 2 marks each, Section B carries 30 marks having 3 questions (with internal choice question in each) of 10 marks each and Section C carries 20 marks one Case Study having 2 questions of 10 marks each.

SECTION - A

Attempt all questions. All questions are compulsory.

2×5 = 10 Marks

Q. 1 (A): Differentiate between recourse and non-recourse factoring.

Q. 1 (B): How Closed Ended funds are different from Open Ended Mutual Funds?

Q. 1 (C): Burger King has garnered huge investor interest in the recent IPO in 2020. Explain the reasons why companies go for IPO.

Q. 1 (D): How CASA impacts the profitability of a Bank?

Q. 1 (E): Differentiate between Unit Link Insurance Plans (ULIP) and Equity Link Insurance Plans (ELSS)

SECTION - B

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

10 x 3 = 30 Marks

Q. 2: (A) In the year 2007, USA observed one of the biggest financial crises in the recent history. The free markets with fewer regulations were major causes of the problems identified by the markets observers. Do you agree? What were the other major causes of the crises?

or

Q. 2: (B) What is Net Interest Margin? Why it is closely monitored by bank?

Q. 3: (A) What are the four major sources of funds for banks? What alternatives does a bank have if it needs temporary funds? What is the most common reason that bank issues bonds?

or

Q. 3: (B) What is a bank's GAP, and what does it attempt to determine?

Q. 4: (A) Explain why mutual funds are attractive to small investors? How can mutual funds generate returns to their shareholders?

or

Q. 4: (B) How does Bancassurance help banks and insurance companies?

SECTION - C

Read the case and answer the questions

10×02 = 20 Marks

Q. 5: Case Study:

HDFC bank offers following fund based facilities

Facility	Recourse Factoring	Non recourse
Discount Charges (upfront)	16% per annum	16% per annum
Reserves	25%	25%
Commission (Upfront)	1.25%	3%

The finance manager of Triluxo Technologies has recently approached HDFC bank for factoring the receivables. After careful analysis of Triluxo Technologies, the VP (operation) of HDFC bank agrees for a guaranteed payment period of 60 days.

He provides you with following additional information.

1. The firm sells on term 3/10 net 60. On an average 30% of the customers pay on the tenth day and avail the discount; the remaining customers pay, on an average, 90 days after the invoice date.
2. The bad debts losses amount to **1%** of the sales turnover.
3. The sales executives are responsible for following up collection and they, on an average spend **15%** of their time in collection process. A subjective assessment is that the firm can increase the annual sales by Rs **15 lakh** if sales executive are relieved from collection responsibilities. The gross margin on sale is 20%. And the projected turnover of the following year is 240 lakh (without considering the increase of 15 lakh).
4. By hiving sales ledger administration and credit monitoring, the firm can save admin overhead to the tune of Rs 1.5 lakh per annum.
5. As of now the company was financing its investment in receivables through a mix of bank finance and long term finance in the ratio of **2:1**. The effective rate of interest on bank is **16% p.a.** and the cost of long term fund is around 20% p.a. (pre tax)

Question

Q5(A): Provide Cost benefit analysis of Factoring and In-house Management of Receivables

Q5(B): Which type of service is more beneficial for Triluxo Technologies? Discuss with the complete data.

Mapping of Questions with Course Learning Outcome

Question Number	COs	Marks Allocated
Q. 1:	CO1	10 marks
Q. 2:	CO2	10 marks
Q. 3:	CO3	10 marks
Q. 4:	CO4	10 marks
Q. 5:	CO4	20 marks

Note: Font: Times New Roman, Font size: 12.