

Enrollment No.....



Faculty of Management Studies
End Sem (Even) Examination May-2022
MS3EF10 Investment Banking

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. The first bank to set up a separate merchant banking division in India is: 1
(a) Punjab National Bank
(b) Canara Bank
(c) National & Grind lays Bank
(d) National City Bank
- ii. Role of Merchant Bankers _____. 1
(a) Mobilization of funds (b) Promotional Function
(c) Innovation (d) All of these
- iii. Every registered stockbroker is required to pay annual fee @ Rs. 5,000 for turnover up to: 1
(a) Rs. 3 Crore (b) Rs. 1 Crore
(c) Rs. 5 Crore (d) Rs. 2 Crore
- iv. The number of lead merchant bankers may not exceed in case any issue of issue size 100 crore to 200 crore: 1
(a) Four (b) Three (c) Six (d) Five
- v. The _____ has to manage the post-issue activities. 1
(a) Investment Banker (b) Bank Promoter
(c) Lead Manager (d) All of these
- vi. In simple terms, the management of issue for raising capital through various types of instruments by companies is known as: 1
(a) Lead Management (b) Investment Banking
(c) Issue Management (d) Public Issue Management

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- vii. The type of factoring under which the factor collects back from the seller the amount paid by him in case of non-payment of the bills on the due date is called: **1**
 (a) Recourse Factoring (b) Non-Recourse Factoring
 (c) Bills Discounting (d) Bills Purchased
- viii. Forfeiting provides to the exporter against receivables: **1**
 (a) 100 Percent Financing
 (b) 80 Percent Financing
 (c) Depending on the contact with the forfeiter
 (d) None of these
- ix. A direct lease, a sale and leaseback, and a leveraged lease are all examples of: **1**
 (a) Operating leases
 (b) Financial leases
 (c) Full-service leases
 (d) "Off-balance sheet" Methods of financing
- x. The depreciation on an asset purchased through hire purchase should be: **1**
 (a) Should be straight line only
 (b) Based on the cost price of the asset only
 (c) Based on the total cost including interest
 (d) No depreciation should be provided until the final payment is made
- Q.2 i. Define investment banking. **2**
 ii. Explain the structure of investment banking. **3**
 iii. Explain any five functions of the investment banking. **5**
- OR iv. Distinguish any five points between commercial banking and investment banking. **5**
- Q.3 i. Discuss the SEBI guidelines for portfolio manager. **4**
 ii. Explain SEBI guidelines for brokers and sub-brokers. **6**
- OR iii. List out SEBI guidelines for merchant bankers. **6**
- Q.4 i. Define public issue. Explain its two types. **3**

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- ii. Discuss pre-issue and post-issue activities of merchant banking. **7**
- OR iii. What do you mean by underwriting? Give any six benefits of underwriting. **7**
- Q.5 i. What do you mean by factoring? Define any two benefits. **4**
 ii. Give any six differences between factoring and forfeiting. **6**
- OR iii. Define securitization and the any five parties involved in a securitization process. **6**
- Q.6 Attempt any two:
 i. Give any five differences between leasing and hire purchase. **5**
 ii. Write any five advantages and disadvantages of leasing. **5**
 iii. Define Hire purchase. Write its two advantages and disadvantages. **5**

Marking Scheme

MS3EF10 Investment Banking

Q.1	i.	The first bank to set up a separate merchant banking division in India is:	1
		(c) National & Grind lays Bank	
	ii.	Role of Merchant Bankers _____.	1
		(d) All of these	
	iii.	Every registered stockbroker is required to pay annual fee @ Rs. 5,000 for turnover up to:	1
		(b) Rs. 1 Crore	
	iv.	The number of lead merchant bankers may not exceed in case any issue of issue size 100 crore to 200 crore:	1
		(a) Four	
	v.	The _____ has to manage the post-issue activities.	1
		(c) Lead Manager	
Q.2	vi.	In simple terms, the management of issue for raising capital through various types of instruments by companies is known as:	1
		(c) Issue Management	
	vii.	The type of factoring under which the factor collects back from the seller the amount paid by him in case of non-payment of the bills on the due date is called:	1
		(a) Recourse Factoring	
	viii.	Forfeiting provides to the exporter against receivables:	1
		(a) 100 Percent Financing	
	ix.	A direct lease, a sale and leaseback, and a leveraged lease are all examples of:	1
		(b) Financial leases	
	x.	The depreciation on an asset purchased through hire purchase should be:	1
		(b) Based on the cost price of the asset only	
	i.	Define investment banking.	2
		As per explanation	
	ii.	3 parts of structure of investment banking.	3
		1 mark for each (1 mark * 3)	
	iii.	Any five functions with explanation of the investment banking	5
		1 mark for each (1 mark * 5)	

OR	iv.	Any five points b/w commercial and investment banking.	5
		1 mark for each (1 mark * 5)	
Q.3	i.	SEBI guidelines for portfolio manager.	4
		Any five points 1 mark for each (1 mark * 4)	
	ii.	Three points of SEBI guidelines for brokers	6
		Three points of sub-brokers.	3 marks
OR	iii.	SEBI guidelines for merchant bankers.	6
		Any 6 points 1 mark for each (1 mark * 6)	
Q.4	i.	Definition of public issue	3
		Its two types	1 mark
	ii.	Pre-issue activities of merchant banking	7
		Post-issue activities of merchant banking	3.5 marks
OR	iii.	Underwriting definition	7
		Any six benefits of underwriting	1 mark
		1 mark for each (1 mark * 6)	6 marks
Q.5	i.	Factoring	4
		Any two benefits 1 mark for each (1 mark * 2)	2 marks
	ii.	Any six differences between factoring and forfeiting	6
		1 mark for each (1 mark * 6)	
OR	iii.	Definition of securitization	6
		Any five parties involved in a securitization process	1 mark
		1 mark for each (1 mark * 5)	5 marks
Q.6		Attempt any two:	
	i.	Any five differences between leasing and hire purchase.	5
		1 mark for each (1 mark * 5)	5 marks
	ii.	Any five advantages of leasing	5
		0.5 mark for each (0.5 mark * 5)	2.5 marks
		Any five disadvantages of leasing.	
		0.5 mark for each (0.5 mark * 5)	2.5 marks
	iii.	Definition of Hire purchase	5
		Its two advantages and disadvantages	1 mark
			4 marks
