

Enrollment No.....



**Faculty of Management**  
**End Sem (Even) Examination May-2018**  
**MS5EF10 Merchant Banking**

Programme: MBA

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. Merchant bank is a financial institution conducting money market activities and: **1**  
 (a) Lending  
 (b) Underwriting and financial advice  
 (c) Investment service  
 (d) All of the these
- ii. Scheduled banks comprise scheduled commercial banks and scheduled..... banks: **1**  
 (a) Co-operative (b) Non- Commercial  
 (c) NBFCs (d) Corporation
- iii. Formal merchant banking activity in India was originated in\_\_\_\_\_. **1**  
 (a) 1978 (b) 1969 (c) 1769 (d) 1987
- iv. The first bank to set up a separate merchant banking division in India. **1**  
 (a) Punjab national bank (b) Standard chartered bank  
 (c) National & Grin days bank (d) National city bank.
- v. The \_\_\_\_\_ has to manage the post-issue activities. **1**  
 (a) Merchant banker (b) Lead manager  
 (c) Bank promoter (d) All of these
- vi. In simple terms, the management of issues for raising funds through various types of instruments by companies is known as: **1**  
 (a) Lead management (b) Merchant banking  
 (c) Issue management (d) Public issue management
- vii. Equity funding is preferable especially when the project is\_\_\_\_\_. **1**  
 (a) Fund intensive (b) Finance intensive  
 (c) Capital intensive (d) Application intensive

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- viii. \_\_\_\_\_ covers the entire range of services provided by a merchant banker. **1**  
 (a) Project counselling (b) Corporate counselling  
 (c) Credit syndication (d) Market makers.
- ix. \_\_\_\_\_ is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it. **1**  
 (a) Lease finance (b) Venture capital  
 (c) Merchant banker (d) Hire purchaser
- x. Which of the following is not a fee-based financial service? **1**  
 (a) Corporate counselling (b) Lease financing  
 (c) Profit management (d) Issue management
- Q.2 i. What are the various components of a financial system? **2**  
 ii. Distinguish between Merchant banks and investment banks. **3**  
 iii. "Commercial banks are enterprises dealing in finances." Discuss. **5**  
 OR iv. Explain functions of Merchant Banking. **5**
- Q.3 i. List the categorization of Merchant bankers. **2**  
 ii. Discuss the listing guidelines of SEBI Act 1956. **8**  
 OR iii. Explain the relationship of Merchant banking with stock exchanges. **8**
- Q.4 i. Explain the nature of underwriting function. **3**  
 ii. What has led to the segregation of fund-based activities and merchant banking activities exclusively related to the capital market? **7**  
 OR iii. Explain the difference between the activities and responsibilities of merchant banker, an underwriter and a banker to an issue. **7**
- Q.5 i. What are the stages of project selection? **4**  
 ii. Explain project feasibility study. **6**  
 OR iii. How can a merchant banker appraise the project on basis on economic and financial terms? **6**
- Q.6 Write Short notes on any two: **5**  
 i. Venture Capital and Joint Venture **5**  
 ii. Credit Rating in India **5**  
 iii. Factoring and Forfeiting **5**

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## Marking Scheme

### MS5EF10 Merchant Banking

Q.1	i. Merchant bank is a financial institution conducting money market activities and: (d) All of the these	<b>1</b>			
	ii. Scheduled banks comprise scheduled commercial banks and scheduled..... banks: (a) Co-operative	<b>1</b>			
	iii. Formal merchant banking activity in India was originated in_____. (b) 1969	<b>1</b>			
	iv. The first bank to set up a separate merchant banking division in India. (c) National & Grin days bank	<b>1</b>			
	v. The _____ has to manage the post-issue activities. (b) Lead manager	<b>1</b>			
	vi. In simple terms, the management of issues for raising funds through various types of instruments by companies is known as: (c) Issue management	<b>1</b>			
	vii. Equity funding is preferable especially when the project is_____. (c) Capital intensive	<b>1</b>			
	viii. _____ covers the entire range of services provided by a merchant banker. (b) Corporate counselling	<b>1</b>			
	ix. _____ is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it. (b) Venture capital	<b>1</b>			
	x. Which of the following is not a fee-based financial service? (b) Lease financing	<b>1</b>			
Q.2	i. Components of a financial system 0.5 mark each components (0.5 mark * 4)	<b>2</b>			
	ii. Difference Merchant banks and investment banks 1 mark for each difference (1 mark * 3)	<b>3</b>			
	iii. Commercial banks are enterprises dealing in finances. Elaborate (based on evaluator)	<b>5</b>			
OR	iv. Functions of Merchant Banking 1 mark for each function (1 mark * 5)	<b>5</b>			
Q.3	i. Categorization of Merchant bankers Each category 0.5 mark (0.5 mark * 4)	<b>2</b>			
	ii. Guidelines of SEBI Act 1956 Each guidelines carry 1 mark (1 mark * 8)	<b>8</b>			
OR	iii. Relationship of Merchant banking with stock exchanges Elaborate (based on evaluator)	<b>8</b>			
Q.4	i. Nature of underwriting function Each nature/function 1 mark (1 mark * 3)	<b>3</b>			
	ii. Fund-based activities Activities related to the capital market	<b>7</b>			
OR	iii. Difference based on activities On responsibilities	<b>7</b>			
Q.5	i. Stages of project selection Each stage 1 mark (1 mark * 4)	<b>4</b>			
	ii. Project feasibility study.	<b>6</b>			
OR	iii. Project on basis on economic terms Project on basis on Financial terms	<b>6</b>			
Q.6	Write Short notes on any two:				
	i. Venture Capital Joint Venture	<b>5</b>			
	ii. Credit Rating in India	<b>5</b>			
	iii. Factoring Forfeiting	<b>5</b>			
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