**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

Registration Number:

Date & Session:14-12-2022 ( 9am)

**BBA – V SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

**BBADEF5619 – FINANCIAL SERVICES**

Time- 2 ½ hrs Max Marks-70

**This paper contains two printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following **(5x2 = 10 Marks)**

1. What is meant by money market?
2. Who is a merchant banker?
3. State any two differences between Sharpe Ratio and Treynor Ratio.
4. Give the meaning of Credit Rating.
5. Expand FII.
6. List any two financial instruments.

**Section B**

**II.** Answer ***any three*** of the following **(3x5 = 15 Marks)**

1. State any six differences between ADR and GDR.
2. What is meant by mutual funds? Explain its limitations.
3. Explain the different types of factoring.
4. Briefly explain the functions of NSDL.

**Section C**

**III.** Answer ***any two*** of the following **(2x15 = 30 Marks)**

1. Explain the benefits and types of Credit Rating in detail.
2. Who are the major players in primary and secondary market? Discuss.
3. Explain the classification of money market and capital market.

**Section D**

**IV. Answer the following (1x15 = 15 Marks)**

1. Mr. John Doe is unemployed MBA graduate. Although he is highly skilled, he is currently not working because he possesses Generational Wealth handed over to him by his rich parents. He currently has a CIBIL Credit Score of 690. The following is a summary of his credit history:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period and Status** | **Particulars** | **Int. Rate** | **Type of Credit** | **Secured or Unsecured** | **Comments** |
| 7th August 2022 to Present(Currently Active) | “One Card” Credit Card of Rs.50000 | 21% p.a. | Credit Card | Unsecured | “Payments Due” of 3 months of Rs.20000 is still due. |
| 15th March 2022 to Present(Currently Active) | SBI Bank Gold Loan of Rs.250000 | 12% p.a. | Gold Loan | Secured | He made 5 late payments. |
| 1st April 2021 to 10th March 2022(Closed) | ICICI Bank Personal Loan of Rs.500000 | 18% p.a. | Personal Loan | Unsecured | He made 7 late payments. |
| 2nd May 2019 to 15th July 2022(Closed) | “Paisa Dekho” Credit Card of Rs.60000 | 23% p.a. | Credit Card | Unsecured | He made 15 late payments. |
| No credit history before 2nd May 2019 |

In six months from now, he wants to apply for a home loan of Rs.1,00,00,000. For Home Loans, his bank currently charges 10% interest rate for salaried employees with a credit score between 650 to 749 and only 4% interest rate for salaried employees with a credit score of 750 and above. Since he currently has a credit score of 690, he aims to increase his credit score to 750 in another six months.

1. What are the problems in Mr. John Doe’s credit practices based on his credit history? (5 marks)
2. What can he do to rectify those problems? (5 marks)
3. In order to increase his credit score, what credit practices should he follow in future and what should he avoid? (5 marks)