22 BA 424: Financial Services

Subject Code:	**22 BA 424**	I A Marks	30
No. of Lecture Hours / Week	05	End Exam Marks	70
Total Number of Lecture Hours	75	Total Marks	100
Practical Component	01 Hour/Week	Exam Hours	03
Course Focus	**Employability**	**E**ntrepreneurship	**S**kill Development

Course Outcomes	
By the end of the course, students will be able to:	
CO1	Create awareness among the students about the significance of investment particularly strategic investment and finance decision-making.
CO2	Demonstrate the knowledge of merchant banking services along with guidelines of SEBI.
CO3	Understand Mutual Funds and the origin of venture capital.
CO4	Understand the types of lease agreements and factoring services in India.
CO5	Examine the emerging trends in financial services.

Contribution of Course Outcomes towards achievement of Program Outcomes & Strength of correlations (3-High, 2-Medium, 1-Low)								
22BA424		**PO1**	**PO2**	**PO3**	**PO4**	**PO5**	**PO6**	**PO7**
	CO1	2						3
	CO2	2			2			
	CO3		3					3
	CO4	2			3			
	CO5		3					2

Units	**Syllabus**	**No of Hours**
UNIT-I	**Financial Services** – Range of services – Characteristics – Institutions offering different services – Characteristics of financial services market – Problems and challenges in financial services marketing.	**15**
UNIT-II	**Merchant Banking** – Nature and scope of merchant banking services – Management of public issues and support services – Depository services – Marketing of services – SEBI guidelines.	**15**
UNIT-III	**Mutual Funds** – Meaning – Origin – Types/Classification of Funds – Importance – Mutual Funds Industry in India – Venture Capital – Meaning – Origin – Importance – Methods – India Scenario.	**15**

<table>
<tr><td>UNIT-IV</td><td>Leasing – Concept – Types – Lease Agreements – Potentiality of Leasing as a means of financing – Advantages and Disadvantages – Lease Financing in India – Factoring – Meaning – Modus operandi – types – functions – Factoring services in India.</td><td>15</td></tr>
<tr><td>UNIT-V</td><td>Trends in Financial Services – Financial technology firms (Fintech Firms) – Data-Driven Product Development – Digital Transformation – AI (artificial intelligence) & Block Chain – Big Data – Cyber Security – Mobile Banking – OMNI – Channel – Investor Education.</td><td>15</td></tr>
<tr><td></td><td>Case Study (Not Exceeding 300 words)</td><td></td></tr>
<tr><td colspan="3">Practical Component:</td></tr>
<tr><td colspan="3">
Students are asked to examine the any two financial service-oriented companies and present brief report on the same in seminar periods.
The class will be divided into small groups (consisting of 6 students). The groups are to discuss and present their views on variety of financial instruments used in corporate sector.
Students are asked to identify any three financial services and financial intermediaries in their region/locality; compare and contrast the role of and functions of organized financial services and financial intermediaries.
</td></tr>
<tr><td colspan="3">Suggested Readings:</td></tr>
<tr><td colspan="3">
Khan M Y, Financial Services, 9th Edition Tata McGraw-Hill Publishing Co. Ltd., New Delhi.
David and Zenoff – Marketing of Financial services – Ballinger publishing.
Avadhani – V.A. – Marketing of Financial Services – Himalaya Publishing House, Mumbai.
J.C. Verma – Merchant Banking – Tata McGraw- Hill.
Bhalla. V.K. Management of Financial Services – Anmol Publications – New Delhi.
Chinmaoy Sahu – Management of Financial Services – Excel Books – New Delhi.
Gordon E and Natarajan K. – Financial Markets and Services – Himalaya Publishing House – New Delhi.
Verma – J.C Merchant Banking – Tata McGraw- Hill – New Delhi.
Ramesh – S and Arun Gupta: Venture Capital – Oxford University press.
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MODEL QUESTION PAPER
M.B.A. (REGULAR) DEGREE EXAMINATION
FOURTH SEMESTER
22 BA 424: Financial Services

Duration: 3hours **Max. Marks: 70**

Note:
1. This question paper contains three parts- Section A, Section B and Section C.
2. Section A contains 5 short answer questions with an internal choice. Answer any **ALL** questions. Each question carries 4 Marks.
3. Section B contains 5 Essay questions with an internal choice from each unit. Each question carries 8 Marks.
4. Section C contains one Case Study for 10 Marks. (Compulsory)
5. All Sections of the Question paper must be answered in one place.

SECTION-A

5 x 4= 20 Marks

			Bloom's Level	CO	Max Marks
1	a)	Define Financial Services.	L1	CO 1	4M
		(OR)			
	b)	What are the Characteristics of Financial Services?	L1	CO 1	4M
2	a)	Define Public issue.	L1	CO 2	4M
		(OR)			
	b)	What are Depository Services?	L1	CO 2	4M
3	a)	Explain the Importance of Mutual funds.	L2	CO 3	4M
		(OR)			
	b)	Explain the Origin of mutual funds.	L2	CO 3	4M
4	a)	Define Factoring.	L1	CO 4	4M
		(OR)			
	b)	What is Leasing?	L1	CO 4	4M
5	a)	What is big data?	L1	CO 5	4M
		(OR)			
	b)	What is meant by Investors Education?	L1	CO 5	4M

SECTION-B

5 X 8=40 Marks

			Bloom's level	CO	Max. Marks
		UNIT-I			
6	(a)	Explain about various Financial Services in India.	L5	CO1	8 M
		(OR)			

	(b)	Explain the problems and challenges in Financial Services marketing briefly.	L5	CO1	8 M
UNIT-II					
7	(a)	Explain the nature and scope of Merchant banking Services.	L5	CO2	8 M
	(OR)				
	(b)	Explain SEBI guidelines regarding Financial Services.	L5	CO2	8 M
UNIT-III					
8	(a)	Distinguish between mutual funds and close ended mutual funds.	L4	CO3	8 M
	(OR)				
	(b)	Examine the stages involved in Venture capital financing.	L4	CO3	8 M
UNIT-IV					
9	(a)	Explain different types of Leasing.	L5	CO4	8 M
		(OR)			
	(b)	Explain about various factoring services in India.	L5	CO4	8 M
UNIT-V					
10	(a)	Explain the latest trends in Financial Services in India.	L5	CO5	8 M
	(OR)				
	(b)	Explain. (i) Cyber security (ii) Mobile banking.	L5	CO5	8 M

SECTION -C

1X10=10 Marks

			Blooms level	**CO**	**Max Marks**
CASE STUDY					
11		The fortunes of non-banking finance companies (NBFCs) appear better now than in the last three-four years. The industry shake-out, the stringent regulatory framework and the tough market conditions have ensured that only the strong companies survive. Even a year ago, the future seemed bleak. NBFCs not only had to bear the brunt of the economics lowdown, they were put under the spotlight by the Reserve Bank of India, which was determined to clean up things through drastic measures. The regulatory pressure was applied in the backdrop of a few well-publicized cases of companies (CRB Capital and Prudential Capital, among others) failing to honor their obligations, which undermined the confidence of public deposit holders. But all that is now history. Today, the top-rung NBFCs stand well-placed to avail themselves of the opportunities thrown up by a reviving economy. The signals of resurgence also come in the backdrop of an improvement in the regulatory climate for NBFCs,	L6	CO	10 M

especially those which are in the „fund based „business. It is perhaps this factor that drove up the valuation of some NBFC stocks in recent times. The best news in a long time for NBFCs is that industrial growth is picking up. For finance companies in the fund-based business, the implications are positive, not just for prospective business, but for past disbursement too. In addition to opening up new opportunities, industry sources say there has been a positive impact on over dues. With the improved flow of orders, clients on the default list have begun to pay up once again. The commercial vehicle segment – the best bedrock of industrial growth in a country where 60 percent of all goods is moved by road – has shown definite signs of revival. Not only have the sales of all types of commercial vehicles risen in the first quarter of this year over the corresponding previous period, the production figures have also shown an uptrend. In addition to commercial vehicles, the data for other sectors are also encouraging. The Index of Industrial Production (IIP) grew 5.6 percent in the first quarter of this year over the corresponding previous period. The portents are promising for finance companies that have shown a marked shift towards financing industrial assets over the last couple of years.

According to industry sources, the environment is marked by stability now after a few regulatory shocks in the last couple of years. January 1998 saw a crackdown on NBFCs by the RBI on the heels of defaults and credit rating downgrades.

While the RBI‟s intent was universally hailed, the measures appeared draconian and threw the industry into turmoil. In particular, the measures to curb the NBFCs'.

access to public deposits and the stiff deadlines for repayment of excess deposits had an across-the-board impact. Since then, the situation has changed significantly. For one, the RBI has amended its initial regulations to bring them in line with the ground reality. There has been a clear demarcation between the companies carrying on fund-based activities and other. The access to public deposits has been linked to capital

		adequacy rather than credit rating. Another aspect to the changed regulatory environment is that the RBI consciously encouraged banks to augment funding to finance companies. Any boost in wholesale is likely to impart more stability to the liabilities side of a finance company’s balance sheet. The noteworthy factor among the recent developments in the financial sector is the increasing thrust of all the players in the retail segment. The presence of banks, foreign finance entities and financial institutions in the retail market is growing. In the last couple of years, banks have made their presence felt in the car finance area. Banks begin business in this market with a big advantage. – the ability to access funds at a much lower cost. This is sharpened by the widespread network with most banks. But, NBFCs are not really disturbed by the increased competition from banks and financial institutions for they have their own strengths.			
	Questions:				
		1. It is a historical fact that unless there is stringent regulation on the number of deposits collected by NBFCs, it will not be long before they create scams. The RBI has, there fore, issued stringent regulations in 1998 on deposit collection by NBFCs, through they were relaxed later. What are the current guidelines regarding eligibility of NBFCs for raising deposits? Briefly explain them. 2. According to the case study, NBFCs are not really disturbed by the increased competition from banks and financial institutions…‟. Do you agree that NBFCs are not under threat from banks and financial institutions? Justify.3. 3. According to the case study, “Any boost in wholesale funding is likely to impart more stability to the liabilities side of a finance company’s balance sheet”. What does the statement mean? Elaborate. Also, explain the importance of such stability.			

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