

(2½ Hours)

(Max. marks : 75)

- NOTE : 1. All questions are **compulsory** subject to options.
 2. **Figures** to the **right** indicate **full marks**.
 3. Use of **simple calculator** is **allowed**.

Q 1 A) Multiple choice questions (Attempt any 8 out of 10) :-

08

- 1) The quality of financial service rendered changes from customer to customer. This characteristic of financial services is called _____.
 (a) Perishability (b) Variability (c) Intangibility (d) Inseparability
- 2) The owner of the equipment in a lease contract is called _____.
 (a) Lender (b) Lessor (c) Lessee (d) Buyer
- 3) The regulator of Housing Finance Companies is _____.
 (a) RBI (b) HUDCO (c) NHB (d) HDFC
- 4) A Clearing member who is not a Trading member is called _____.
 (a) Trading member (b) Trading cum self clearing member (c) Trading cum clearing member (d) Professional clearing member
- 5) To act as a underwriter, Certificate of Registration must be obtained from _____.
 (a) SEBI (b) RBI (c) Ministry of Finance (d) Ministry of Corporate Affairs
- 6) The order which if not traded will remain in the system till it is cancelled or the series expires, whichever is earlier is called as _____.
 (a) Good for Day (b) Good till Cancelled (c) Good till date (d) Limit Order
- 7) _____ is the process of converting illiquid, non-negotiable financial assets into securities of small value which are tradable.
 (a) Consumer Finance (b) Hire Purchase (c) Securitisation (d) Credit Rating
- 8) Credit card facility is an excellent example of _____.
 (a) Cash credit (b) Revolving credit (c) Secured credit (d) Term loan
- 9) Venture capital involves _____ level of risk.
 (a) No (b) Low (c) Medium (d) High
- 10) The first credit rating agency in India is _____.
 (a) ICICI (b) CRISIL (c) CARE (d) ICRA

- B) State whether the following statements are True or False (Attempt any 7) **07**
- 1) Forfaiting is a non-fund based facility.
 - 2) Venture capital helps to create entrepreneurs.
 - 3) Factoring service is provided only for a specific bill of exchange.
 - 4) Bills discounting is a without recourse transaction.
 - 5) Merchant banking business is regulated by SEBI.
 - 6) By selling off loans through securitization, banks are able to improve their capital adequacy ratio.
 - 7) Debit card allows the customers to spend today and pay tomorrow.
 - 8) Credit score shows the creditworthiness of a borrower.
 - 9) The ALM process rests on three pillars : ALM Information System, ALM organisation and ALM Process.
 - 10) In Instalment Sale, the ownership of the asset is transferred to the buyer immediately at the time of sale.

Q2 A) What is forfaiting ? Explain its benefits. **08**

Q2 B) What is the registration process to be appointed as Banker to the issue? Describe the roles and responsibilities of Banker to the issue. **07**

OR

Q2 P) What are the limitations of credit rating? **08**

Q2 Q) What is consumer finance? What are the sources of consumer finance? **07**

Q3 A) On 1st April 2013, ToneUp Gym purchased a machine from Neil Ltd. on hire purchase basis. The cash price of the machine was Rs.2,00,000/-. The payment was to be made Rs.1,00,000/- on the date of agreement and the balance in two annual installments of Rs. 50,000/- plus interest at 12% per annum payable on 31st March each year. The first installment was payable on 31st March 2014.

Prepare Machine a/c and Neil Ltd. a/c in the books of ToneUp Gym for the financial years 2013-14 and 2014-15 assuming that the accounts are closed on 31st March every year and depreciation at 20% p.a. is charged on reducing balance method. **08**

Q3 B) What is a Futures contract? Explain its characteristics. **07**

OR

Q3 P) Explain the registration process for a stock broker. **08**

Q3 Q) Distinguish between Finance Lease and Operating Lease. **07**

Q4 A) Katrina Factors Ltd. advances Rs.72 lakhs to Kareena Ltd., against agreement of providing advance payment of 80% of receivables and for guaranteed payment after 3 months. The rate of interest is 15% compounded quarterly and factoring commission is 1.5% of receivables, both collected upfront.

- i) Compute amount actually made available to Kareena Ltd.
- ii) Calculate effective cost of funds made available to Kareena Ltd. if both interest and commission are collected in advance.
- iii) Assume interest is collected in arrears and commission in advance. What would be effective cost of funds? **08**

Q4 B) What are the various disinvestment mechanisms for a venture capital firm? **07**

OR

Q4 P) Elaborate on the Sources of Funds for Housing Finance Companies. **08**

Q4 Q) Describe the role of the various parties involved in securitization process. **07**

Q5 A) Describe the advantages of credit cards. **08**

Q5 B) What are the terms of consumer finance? **07**

OR

Q5 Write short notes on (Attempt any 3 out of 5) **15**

- a) Role of NBFCs
 - b) Foreign brokers
 - c) Pass Through Certificate and Pay Through Certificate
 - d) Regulatory Framework for Financial services
 - e) Factoring Cost
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