

Duration: 2½ hours

Marks:75

Note: Figures to right indicate marks

Q.1.a. State whether the following statements are true or False:(Any 8) (8)

1. Micro finance institutions would like to provide financial services to high income clients.
2. Compliance risk may include fire, natural disasters such as floods, draughts, earthquake, tsunami, epidemic etc.
3. Market risk is the risk that an MFI cannot meet its obligations on a timely basis.
4. Rebate on bills discounted of last year will be transferred to profit & loss account.
5. The opening balance of Rebate on bills discounted is debit balance.
6. Ceiling on the loan under the Credit Linked Capital Subsidy scheme is Rs.100 crore.
7. IIE stands for Indian Institute of environment.
8. The predominant proportion of MFIs is linked to the international financial market; rather they do not form part of their local financial system.
9. Microfinance in India started in the 1990s.
10. The two third population of Indians live in Urban areas.

Q.1.b. Match the following (any 7): (7)

Sr. No.	Column A	Column B
1	Internal working group	Improve the well-being and self-sustainability of rural people
2	PAR	To bridge the credit gaps in existing rural areas
3	Cash reserve ratio	Kerala
4	Schedule 06	Promotes business of the banks
5	Equity finance	1993
6	IIE	Ownership of business
7	Business Facilitator	Cash with RBI
8	Kudumbasree	Maintained in the form of liquid cash
9	Objective of RRBs	Loss of portfolio for MFIs
10	Rural Development	2014

Q.2. Calculate Breakeven point from the following details. (8)

Particulars	Rs.
Depreciation of tools	24,000
Rent	700
Stationery	350
Directors salary	600
Workman's salary	400
Variable cost-material per unit	150
Variable cost- labour per unit	100
Selling price per unit	400

Output is 1000 units

b. Briefly explain scope of Rural finance. (7)

**OR**

Q.2.c. Explain expectations of clients in rural India. (8)

Q.2.d. Explain principles of microfinance. (7)

Q.3.a. Describe the objectives and functions of National Institute for Micro, Small and Medium Enterprises (Ni-MSME) (8)

Q.3.b. Explain benefits of factoring to MSME enterprises. (7)

**OR**

Q.3.c. Prepare Profit & Loss account in the books of PNB Ltd. for the year ending 31-03-2020 (15)

Particulars	Amount
Auditors Fees	25,000
Law charges	58,000
Brokerage on sale of assets	50,000
Depreciation on Non-bank assets	50,000
Directors travelling expenses	6,000
Discount on Bills discounted	5,87,000
Repairs and Maintenance	58,000
Interest on Balances with RBI	5,87,500
Interest on inter bank borrowings	25,000
Income earned by way of dividend	75,400
Interest on current A/C	15,000
Interest on fixed deposit	1,60,000
Interest on investments	35,000
Interest on Loan	47,000
Interest on overdraft	54,000
Interest on saving bank A/C	2,50,000
Law charges	22,500
Loss on sale of investments	70,000
Postage & Telegram	95,000
Printing & Stationary	25,400
Profit of the previous year	3,25,000
Profit on sale of investments	69,000
Income from other sources	47,000
Rents and Taxes	98,000
Salaries to staff	3,55,000
Sundry expenses	90,000
Sundry income	8,000

Adjustments:

(a) Provision of Rs.1,85,000 has to be made for the current year as doubtful debts and taxation.

(b) Proposed dividend amounted to Rs.60,000

Q.4.a. Describe the objectives of risk management in rural finance. (8)

Q.4.b. Describe compliance of State Acts of MFIs. (7)

**OR**

Q.4.c. Describe objective and functions of Small Industries Development Bank of India (SIDBI). (8)

Q.4.d. Explain objectives of Ministry of rural development. (7)

Q.5.a. Explain objectives of Rural Development. (8)

Q.5.b.Explain role of microfinance institutions in rural development.

(7)

**OR**

Q.5. Write short notes on any three.

(15)

1. ROSCAs
  2. Categories of priority sector lending.
  3. Credit Guarantee Trust for Medium and small enterprises
  4. NPAs
  5. Apex institutions in Rural Finance
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