

Duration: 2 ½ Hrs.

Total Marks: 75

Note: All Questions are Compulsory

Figures to the Right Indicate Marks.

Q-1-A) Multiple choice question (Any 8)

(8 Marks)

- 1) Which of the following is responsible for managing public issues of securities?
 - a) Merchant Bankers
 - b) Commercial Banks
 - c) Insurance Companies
 - d) Cooperative Banks
- 2) Which of the following is a major housing finance institution in India?
 - a) SIDBI
 - b) NABARD
 - c) NHB
 - d) IRDAI
- 3) Venture capital is typically provided to:
 - a) Established businesses with steady profits
 - b) Startups and high-growth potential firms
 - c) Government-owned enterprises
 - d) Real estate developers
- 4) A credit rating agency evaluates:
 - a) A company's social media presence
 - b) A borrower's creditworthiness
 - c) Market conditions for stocks
 - d) Consumer spending habits
- 5) A Special Purpose Vehicle (SPV) in securitization is used to:
 - a) Regulate financial markets
 - b) Reduce credit risks for originators
 - c) Issue corporate bonds
 - d) Manage retail banking operations
- 6) Forfaiting is primarily used for:
 - a) Short-term financing
 - b) Domestic trade transactions
 - c) International trade transactions
 - d) Personal loans
- 7) Which of the following is a key risk associated with credit cards?
 - a) Limited usage
 - b) High interest rates on outstanding balances
 - c) No impact on credit scores
 - d) Fixed monthly charges

- 8) The term Factoring is primarily used for:
 - a) Short-term liquidity from receivables
 - b) Long-term business loans
 - c) Capital investment financing
 - d) Foreign trade settlements
- 9) Bill discounting is a financial service primarily used for:
 - a) Raising equity capital
 - b) Short-term funding of trade receivables
 - c) Long-term project financing
 - d) Foreign currency exchange
- 10) Consumer finance primarily deals with loans given to:
 - a) Large businesses
 - b) Government projects
 - c) Individual consumers
 - d) Exporters

Q-1B) Answer the statement true or false (any 7)

(7 Marks)

- 1) Financial services help in mobilizing savings and channeling them into productive investments.
- 2) Underwriters are responsible for guaranteeing the sale of securities in case of under-subscription.
- 3) Derivative trading only involves buying and selling of physical securities.
- 4) All credit rating agencies follow the same rating system.
- 5) Securitization involves converting illiquid assets into tradable securities.
- 6) The financial services market includes only commercial banks and insurance companies.
- 7) Leasing is a financial arrangement where the lessee gets ownership of the asset immediately.
- 8) Plastic money refers only to credit cards and does not include debit cards.
- 9) Factoring is primarily used for financing long-term capital expenditures.
- 10) A higher credit rating means a company has a higher risk of default.

Q.2 (A) What is financial services? Explain its objectives.

(8 marks)

Q.2 (B) Explain the fee based financial services.

(7 marks)

OR

Q.2 (C) Differentiate between Factoring and Bill discounting.

(8 marks)

Q.2.(D) From the following information compute the effective cost of factoring:

(7 marks)

Sales = Rs. 24,00,000

Average collection period = 3 months

Factor reserve = 20%

Factor commission = 5%

Bad debts = 2%

Collection expenses = Rs.40,000 pa

Interest = 16% pa

Q.3 (A) What are the steps involved in the registration process of stock brokers? (8 marks)

Q.3. (B) Explain the features of Securitizations. (7 marks)

(OR)

Q.3 (C). Discuss the scope of merchant bankers. (8 marks)

Q.3.(D) Discuss the participants in derivative markets. (7marks)

Q.4 (A). Explain the advantages of Leasing. (8 marks)

Q.4 (B). Discuss the major issues in housing finance in India. (7 marks)

(OR)

(8 marks)

Q.4.(C) On 1st January, 2020 Mr. Praveen purchased a machine from Atlas Industries Ltd on hire purchase basis. The cash price of the machine was Rs. 10,00,000. The payment was to be made Rs.2,00,000 on agreement as down payment and balance in four annual instalment of Rs.2,00,000 plus interest at 8% per annum payable on 31st December each year.

The first instalment being payable on 31st December 2020. Prepare Machinery account and Atlas Industries Ltd account assuming that the account is closed on 31st December every year. The depreciation is charged at 10% pa based on Written balance method.

Q.4.(D) Explain the features of Venture Capital. (7 marks)

Q.5 (A). What is consumer finance? Explain its sources. (8 marks)

Q.5 (B). Explain the benefits of credit cards. (7 marks)

(OR)

Q.5 (C) Write short notes on any three (15 marks)

- a. Securitization
- b. Debit card
- c. Factoring
- d. Credit rating agency
- e. Bill discounting
