

Time: 2 ½ Hours

Total Marks: 75

N.B.: 1) All questions are compulsory.

2) Figures to the right indicate full marks.

(1) (A) Choose the correct option: (Any Eight)

08

- 1) _____ is regarded as the fourth element of the financial system.
 - a) Financial services
 - b) Financial markets
 - c) Financial instruments
 - d) Financial institutions
- 2) The term _____ is defined as a central location for keeping securities on deposit.
 - a) Depository
 - b) Instrument
 - c) Institutions
 - d) None of the above
- 3) _____ is the entity through which the securitization transaction is actually operated.
 - a) SPV
 - b) Originator
 - c) Investor
 - d) Seller
- 4) All merchant bankers must have minimum net worth of Rs. _____.
 - a) 5 crores
 - b) 1 crore
 - c) 10 crores
 - d) 20 crores
- 5) Which of the following is not a fund based financial services? _____
 - a) Credit rating agencies
 - b) Venture capital
 - c) Consumer credit
 - d) Factoring
- 6) _____ refers to the process of managing the sales register of a client by a financial services company.
 - a) Merchant banking
 - b) Mutual fund
 - c) Leasing
 - d) Factoring
- 7) _____ has a multiple maturity structure depending upon the maturity pattern of underlying assets.
 - a) Pass through certificates
 - b) Pay through certificates
 - c) Preferred stock certificate
 - d) Asset based commercial papers
- 8) _____ are standardized because they are offered by and traded on an exchange.
 - a) Futures
 - b) Forward
 - c) Stock
 - d) Bonds
- 9) _____ is the umbrella body of all the Mutual Funds registered with SEBI.
 - a) AMFI
 - b) AMC
 - c) AMBI
 - d) AMFA
- 10) Pledge is regulated by _____.
 - a) Indian Contract Act
 - b) Indian Partnership Act
 - c) Shop and Establishment Act
 - d) Companies Act

(1) (B) State True or False (Any Seven):

07

- i) Depository services can be availed through a bank branch.
- ii) Instalment credit is not popular in India.
- iii) Forward contracts have default risk.
- iv) Originator is the issuer of securities.
- v) Mutual fund is set up in the form of a trust.
- vi) Capital market deals in short term credit.
- vii) Forfeiting is nothing but international factoring.
- viii) Guilt funds do not invest in treasury bills.
- ix) In hypothecation the possession of the security remains with borrower itself.
- x) Merchant bank can provide loans to individuals and small businesses.

- (2) (a) What are the challenges faced by financial service sector in Indian economy? 08
(b) Discuss any four innovative financial instruments of recent times. 07
OR
(c) Discuss the services offered by Merchant Bankers. 08
(d) Explain objectives and features of Merchant Banking. 07
- (3) (a) Outline causes for slow growth of Mutual funds in India 08
(b) What are the various risks involved in investing in a mutual funds? 07
OR
(c) What is Factoring? Distinguish between "With Recourse Factoring" and "Non-Recourse Factoring". 08
(d) Discuss the advantages of forfeiting. 07
- (4) (a) Define securitization and briefly explain the types of assets that are securitized. 08
(b) Write about Pass through and Pay through certificates. 07
OR
(c) What is forward contract? Explain its features in detail. 08
(d) Define the term Derivatives and bring out its importance. 07
- (5) (a) Explain the drivers of demand in housing. 08
(b) Discuss the modes of consumer finance. 07
OR
- (5) Short notes: (Any Three) 15
a) NSDL
b) Pledge
c) Net Asset Value (NAV)
d) National Housing Bank (NHB)
e) Swap
