

Duration: 2.5 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) Microfinance primarily targets low-income individuals and communities. T
- 2) Microfinance has been credited with helping to alleviate poverty by providing financial resources to those who otherwise wouldn't have access to them.
- 3) Cooperative banks are regulated and supervised by central banking authorities.
- 4) Cooperative banks operate solely for profit, similar to commercial banks.
- 5) MSMEs are only found in certain sectors of the economy, such as manufacturing and services.
- 6) MSMEs face fewer challenges compared to large enterprises.
- 7) NPAs only impact the profitability of banks and have no broader implications for the economy.
- 8) The Banking Regulation Act of 1949 does not address issues related to capital adequacy and risk management in banks.
- 9) MFIs have no regulatory oversight and operate without supervision.
- 10) Transaction risk can be mitigated through effective internal controls and risk management practices.

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

| Sr. No. | Column A | Column B |
|---------|--|---|
| 1 | One of the issues in rural area | 1) Accelerating the socio-economic development of rural India |
| 2 | Ministry of rural development | 2) Refinances microfinance activities of NGOs |
| 3 | Rastriya Mahil Kosh | 3) No continuous supply of electricity |
| 4 | Mission of NRLM | 4) Democratized funding |
| 5 | Micro enterprise | 5) Part of bank's deposit which is with central bank |
| 6 | Crowd funding | 6) Restriction on Banking Company on commission, brokerage, discount. |
| 7 | Cash reserve ratio | 7) Loss of portfolio for MFIs |
| 8 | Section 13 in The Banking Regulation Act, 1949 | 8) Founded on 2 nd April, 1990 |
| 9 | PAR | 9) Investment in machinery not exceeding Rs.25 lakhs |
| 10 | SIDBI | 10) To reduce poverty by promoting self employment |

Q.2. Calculate Breakeven point from the following details for plumbing business: (08)

| Particulars | Rs. |
|-----------------------------|-------------------|
| Depreciation of tools | Rs.24000 per year |
| Rent per month | Rs.700 |
| Stationery per month | Rs.350 |
| Director's salary per month | Rs.600 |

| | |
|--|---------------|
| Assistant's salary per month | Rs. 400 |
| Workmen's salary (worker works for 16 days in a month) | Rs.25 per day |
| Variable cost per piping | |
| Taps | Rs.150 |
| Pipes | Rs.100 |

The revenue earned by sales per unit is Rs.400

Q.2.b. Explain role of rural banking. (07)

OR

Q.2.a. Explain meaning and role of Microfinance institutions in rural development. (08)

Q.2.b. Explain significance of agricultural finance. (07)

Q.3.a. Explain meaning of MSME and how finance is provided to MSME. (08)

Q.3.b. Explain benefits of FinTech. (07)

OR

Q.3.c. From the following information prepare profit and loss A/c of Tiny Bank Ltd for the year ended 31st March 2022. (15)

| | |
|---------------------------------|-----------|
| Interest on Loan | 25,90,000 |
| Bill Discount (Net) | 14,60,000 |
| Rebate on Bill Discount | 4,90,000 |
| Stationery and Printing | 29,000 |
| Postage and Telegram | 14,000 |
| Interest on Cash Credit | 22,30,000 |
| Interest on Overdraft | 15,40,000 |
| Commission | 82,000 |
| Interest on Fixed Deposit | 27,50,000 |
| Interest on Saving Bank Deposit | 6,80,000 |
| Interest on Current Account | 4,20,000 |
| Establishment Charges | 5,40,000 |
| Director's Fees and Allowance | 30,000 |
| Other Expenses | 17,000 |

| | |
|----------------|----------|
| Rent and Taxes | 1,80,000 |
| Audit Fees | 12,000 |

1. Bad debts to be written off amounted to Rs.4,00,000.
2. Provision for taxation at 55% of net profit.
3. Transfer to statutory reserve to be 25%

Q.4.a. Explain advantages of risk management in rural finance. (08)

Q.4.b. Explain objectives of rural development. (07)

OR

Q.4.c. What is NSIC. Also explain its functions. (08)

Q.4.d. Explain meaning of NBFCs. Also explain compliances requirements given by RBI for NBFCs. (07)

Q.5.a. Explain objectives of risk management in rural finance. (08)

Q.5.b. Explain legal framework that MFIs need to comply for providing financial services to low-income clients. (07)

OR

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

- a. Self help groups
- b. National Rural Livelihood Mission,
- c. SMERA
- d. Section 11 of Banking Regulation Act, 1949
- e. Credit risk