

TIME: 2.5 Hours

MARKS: 75

Note: 1. Q1 is compulsory.

2. Q2 to Q5 are compulsory with internal choice.

3. Figures to the right indicate full marks.

4. Give working notes, wherever necessary.

Q1. (A) Select the correct answer from the multiple choice questions (Any 8) (8)

- 1) _____ is a Fees based service.
 - a) Portfolio Management
 - b) Factoring
 - c) Venture Capital
 - d) Underwriting
- 2) _____ factoring is a worldwide system of all factoring documentation required for the paperless trading environment of electronic data.
 - a) Cross Border
 - b) Invoice
 - c) Disclosed
 - d) EDI
- 3) _____ bills are payable immediately 'at sight' or 'on presentation' to the drawee.
 - a) Expired
 - b) Usance
 - c) Demand
 - d) Knight Bill
- 4) _____ are contracts that derive its value from an underlying asset.
 - a) Factoring
 - b) Forfeiting
 - c) Derivatives
 - d) Hire Purchase
- 5) In Hire Purchase depreciation can be claimed by the _____.
 - a) Hirer
 - b) Vendor
 - c) Financiers
 - d) Lessor
- 6) In Securitisation, issue of securities is done by _____.
 - a) SPV
 - b) Underwriter
 - c) Depositor
 - d) Insurer
- 7) _____ lease is used for short period of lease service.
 - a) Financial
 - b) operating
 - c) Combined
 - d) Capital
- 8) _____ is provided at the product development stage.
 - a) Start up fund
 - b) Private Equity Fund
 - c) Seed Fund
 - d) Mezzanine capital
- 9) _____ is a boon for a consumer who can enjoy the possession of goods without paying for it immediately.
 - a) Consumer debit
 - b) Consumer credit
 - c) Consumer contract
 - d) Consumer asset
- 10) _____ is NOT a credit rating agency of India.
 - a) CRISIL
 - b) ICRA
 - c) PFRDA
 - d) CARE

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

- 1) NBFCs hold a banking license.
- 2) Factoring is a fund based financial service.
- 3) Clean Bills are accompanied with proper documents.
- 4) Unsubscribed shares of the companies are purchased by brokers.
- 5) The SARFAESI Act has been enacted to regulate Factoring.
- 6) Lessee is the person getting the benefit of asset taken on Lease.
- 7) NHB is a wholly owned company of SEBI.
- 8) The effective rate of interest on consumer finance is much lower than the rates applicable to business finance.
- 9) Credit score shows the credit worthiness of a borrower.
- 10) Issuers with lower credit ratings pay higher interest rates embodying larger risk premiums than high credit rated companies.

Q.2 (A) Describe the role of agencies that provide financial services in the market?(8 marks)

Q.2 (B) How beneficial Forfeiting is for Financial services sector? (7 marks)

OR

Q.2(C) Explain the challenges faced by financial services sector in India. (8 marks)

Q.2.(D) Under an advance factoring arrangement, AYM Factors Ltd. has agreed to advance a sum of Rs. 20 Lakhs against the receivable purchased from ABC Ltd. The factoring agreement provides for an advance payment of 80% of the value of factored receivables and for guaranteed payment after 3 months from the date of purchasing the receivables. The advance carries a rate of interest of 14% p.a. compounded quarterly and the factoring commission is 2% of the factored receivables. Assume that the interest is collected in arrear and the commission is collected in advance. Compute the amount actually made available to ABC Ltd. (7marks)

Q.3.(A) Describe the registration process of Stock Brokers. (8 marks)

Q.3. (B) Who are the players in Securitisation process? (7marks)

(OR)

Q.3 (C) Elaborate types of Derivative Contract. (8 marks)

Q.3.(D) Why Securitisation is not popular in India? (7marks)

Q.4 (A) State the difference between Financial and Operating Lease. (8 marks)

Q.4 (B) What are the reasons for high demand in Indian Housing Finance Market? (7 marks)

(OR)

Q.4 (C) Write down the benefits of Leasing service. (7 marks)

Q.4.(D) Mr. Abhyudaya buys a machine on hire purchase basis at the price of Rs. 60 lakhs at the rate of 15% p.a. interest rate. Term of Hire purchase contract is 6 years. Find out instalment payments per annum if:

a) Principal is divided and payable equally over the period of 6 years.

b) Amount of instalment is payable equally over the period of 6 years.

Prepare a table showing principal and interest payments and the total payable over the period of 6 years. (8 marks)

Q.5 (A) Explain in detail frauds and misuses of Plastic Money. (8 marks)

Q.5 (B) What are the types of Consumer Finance? (7 marks)

(OR)

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

- i. Sub Brokers
- ii. Special Purpose Vehicle
- iii. Underwriting
- iv. Smart Cards
- v. Process of Credit Rating
