

Duration: 2.5 hours

Marks:75

Note: Figures to right indicate marks

Q.1.a. Choose the correct alternative and rewrite the sentences:(Any 8) (8)

- 1) _____ is the primary source of income for rural households in India.
 - a) Manufacturing
 - b) Agriculture and allied activities
 - c) Real estate
 - d) Tourism

- 2) _____ is a major objective of rural development policies in India.
 - a) Encouraging urban migration
 - b) Strengthening rural infrastructure and livelihoods
 - c) Promoting large-scale industries in villages
 - d) Reducing agricultural subsidies

- 3) _____ is a key feature of microfinance.
 - a) Large collateral-based loans
 - b) Loans provided only to large corporations
 - c) Small loans given to low-income individuals without collateral
 - d) Government-funded banking for urban populations

- 4) _____ Indian government initiative focuses on rural livelihood development through microfinance.
 - a) Make in India
 - b) National Rural Livelihood Mission (NRLM)
 - c) Startup India
 - d) Digital India

- 5) _____ institution primarily supports micro, small, and medium enterprises (MSMEs) in India by providing financial assistance.
 - a) Securities and Exchange Board of India (SEBI)
 - b) Small Industries Development Bank of India (SIDBI)
 - c) Reserve Bank of India (RBI)
 - d) National Bank for Agriculture and Rural Development (NABARD)

- 6) _____ is the purpose of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
 - a) To provide unsecured loans to large corporations
 - b) To offer collateral-free loans to MSMEs
 - c) To regulate foreign direct investment in MSMEs
 - d) To provide tax benefits to MSME entrepreneurs

- 7) Under the Banking Regulation Act, 1949, _____ section mandates banks to maintain a Cash Reserve Ratio (CRR) with the RBI.
 - a) Section 24
 - b) Section 42(1) of RBI Act, 1934
 - c) Section 29
 - d) Section 31

- 8) _____ of the following is classified as a Non-Performing Asset (NPA).
 - a) A loan overdue for 30 days
 - b) A loan overdue for 60 days
 - c) A loan overdue for more than 90 days
 - d) A loan with regular repayments

9) What does Portfolio at Risk (PAR) measure in Microfinance Institutions (MFIs)?

- The total loan portfolio of an MFI
- The percentage of loans overdue beyond a specific period
- The profitability of an MFI
- The number of new clients acquired

10) Which of the following is NOT a type of risk faced by MFIs?

- Credit Risk
- Market Risk
- Relationship Risk
- Technological Risk

Q.1.a. State whether the following statements are true or False: (Any 7) (7)

- Self-Help Groups (SHGs) play a significant role in providing microcredit to rural women.
- Rural housing and education loans do not fall under priority sector lending in India. False
- Microfinance institutions only provide credit and do not offer savings or insurance services.
- Self-Help Groups (SHGs) play a major role in microfinance by enabling collective savings and lending.
- SMERA (SME Rating Agency of India) is responsible for credit rating of MSMEs to help them access finance.
- Factoring is a financing method where MSMEs receive funds against their future invoices.
- Banks are required to maintain Statutory Liquidity Ratio (SLR) in the form of gold, cash, or approved securities.
- A "Standard Asset" is a loan that has been overdue for more than 12 months.
- Compliance with RBI guidelines is mandatory for Non-Banking Financial Company - Microfinance Institutions (NBFC-MFIs).
- High delinquency rates in MFIs have no impact on financial sustainability.

Q.2.a. Financial Details for the Plumbing Business

(08)

Particulars	Amount (Rs.)
Fixed Costs:	
Depreciation of tools (per year)	Rs. 24,000
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 (16 days × Rs. 25/day)	Rs. 400
Total Fixed Cost (per month)	Rs. 2,450
Variable Costs per unit:	
Taps	Rs. 150
Pipes	Rs. 100
Total Variable Cost per unit	Rs. 250
Revenue per unit (Sales Price)	Rs. 400

Requirement: Using the above details, calculate the Breakeven Point (BEP) in units for the plumbing business.

Q.2.b. Discuss the different models of microfinance across the world. (07)

OR

Q.2.c. What are the key financial and non-financial services provided by Microfinance Institutions (MFIs)? (08)

Q.2.d Explain the revenue model of an MFI and the factors affecting its operating efficiency. (07)

Q.3.a. Define SIDBI. Explain objectives of SIDBI (08)

Q.3.b. Explain the importance of risk assessment and monitoring in MSME lending (07)

OR

Q.3.c. Describe Key Challenges of MSMEs Financing (08)

Q.3.d. Describe the advantages of Financial Technology (FinTech). (07)

Q.4.a. Explain the legal provisions under the Banking Regulation Act, 1949, related to accounts, statutory reserves, and liquidity requirements. (08)

Q.4.b. Discuss the classification of advances under banking regulations and the concept of Non-Performing Assets (NPAs). (07)

OR

Q.4. 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.5.a. Explain the role of rural banking in financial inclusion and economic development in India. (08)

Q.5.b. Discuss the major challenges faced by the agricultural sector in India and the role of agricultural finance in addressing these challenges. (07)