

[2½ Hours]

[Total Marks:75]

- N.B.:
1. Q.1 is compulsory.
  2. Q.2 to Q.5 are compulsory with internal choice.
  3. All questions carry equal marks.

**Q.1 A** Select the appropriate options and rewrite the following sentences.(any eight) (8)

1. 100% finance is provided in \_\_\_\_\_.  
(a) Factoring (b) Forfaiting (c) Both (a) & (b) (d) None of (a) & (b)
2. A \_\_\_\_\_ is defined as any person who is engaged in the business of issue management.  
(a) factor (b) manager (c) merchant banker (d) insurer
3. Financial services are \_\_\_\_\_.  
(a) inseparable (b) intangible (c) variable (d) all of the above.
4. \_\_\_\_\_ is an apex housing finance institution in the country.  
(a) RBI (b) National Housing Bank (c) HDFC (d) LIC Housing Finance
5. Equipment leasing is an example of \_\_\_\_\_ services.  
(a) fund based (b) non-fund based (c) both the above (d) none of the two.
6. Securitisation is the process of pooling and repackaging of homogeneous \_\_\_\_\_ financial assets into marketable securities.  
(a) liquid (b) illiquid (c) fixed (d) current
7. In a \_\_\_\_\_ lease, the lessor does not transfer all the risks and rewards incidental to the ownership of the asset.  
(a) finance (b) operating (c) Both (a) & (b) (d) None of (a) & (b)
8. Features of Venture Capital includes \_\_\_\_\_.  
(a) High risk (b) Illiquid investment (c) High Technology (d) All of these
9. Credit Card facility is an excellent example of \_\_\_\_\_ credit.  
(a) long term (b) secured (c) revolving (d) non-revolving
10. Where in an order, the client places a limit on the price of the security; it is a case of \_\_\_\_\_.  
(a) limit order (b) best rate order (c) stop loss order (d) immediate or cancel order

**Q.1 B** Rewrite the following statements and state whether they are True or False. (any seven) (7)

1. The non-fund based services are called asset based services.
2. The bills covered under the scheme must be genuine trade bills relating to the sale or dispatch of goods.
3. Underwriters agree to take up securities which are not fully subscribed.
4. A stock broker is a member of a recognized stock exchange.
5. A derivative is a contract between two parties which derives its value or price from an underlying asset.
6. In a finance lease, the lessor does not transfer all the risks and rewards incidental to the ownership of the asset.
7. The last stage in venture capital financing is the exit to realize the investment so as to make a profit or minimize losses.
8. Consumer finance refers to the raising of finance by businesses for the acquisition of durable goods.
9. NBFCs are not allowed to accept demand deposits.
10. One time assessment of creditworthiness is valid over the future life of the security.

**Q.2 (a)** Define financial services. What are the types of financial services? Explain with any three examples of each type. (8)

(b) Distinguish between factoring and forfeiting. (7)

**OR**

(c) Define Merchant Banker. State any seven services provided by Merchant Bankers. (8)

(d) What is the meaning of 'Securitisation'? Explain its features. (7)

**Q.3 (a)** Distinguish between Operating Lease and Financial Lease. (8)

(b) Explain the meaning of Venture Capital. State its features. (7)

**OR**

(c) State any eight advantages of Hire Purchase. (8)

(d) Describe various sources of Consumer Finance. (7)

**Q.4 (a)** Explain limitations of Credit Rating. (8)

(b) How can frauds and misuse of Credit Cards be prevented? (7)

**OR**

(c) What are the benefits of using Credit Cards? (8)

(d) Explain features of recourse and non-recourse factoring. (7)

**Q.5 (A)** State any eight advantages of leasing to the lessee. (8)

(B) Explain meaning & importance of underwriters in issue management. (7)

**OR**

**Q.5** Write a short note on: (**Any three**) (15)

- (a) Role of NHB
- (b) Advantages of credit rating to the investors
- (c) Importance of financial services
- (d) Code of conduct for Bankers to an issue
- (e) Bill Discounting process

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