(2½ Hours) **(Max. marks : 75)**

NOTE : 1. **All** questions are **compulsory** subject to options.
2. **Figures** to the **right** indicate **full marks**.
3. **Use** of **simple calculator** is **allowed**.

Q 1 A) Multiple choice questions (Attempt **any 8 out of 10**) :- **08**

1) The quality of financial service rendered changes from customer to customer. This characteristic of financial services is called ____________.
(a) Perishability (b) Variability (c) Intangibility (d) Inseparability

2) The owner of the equipment in a lease contract is called _____________.
(a) Lender (b) Lessor (c) Lessee (d) Buyer

3) The regulator of Housing Finance Companies is ________.
(a) RBI (b) HUDCO (c) NHB (d) HDFC

4) A Clearing member who is not a Trading member is called __________.
(a)Trading member (b) Trading cum self clearing member (c) Trading cum clearing member (d) Professional clearing member

5) To act as a underwriter, Certificate of Registration must be obtained from _____________.
(a) SEBI (b) RBI (c) Ministry of Finance (d) Ministry of Corporate Affairs

6) The order which if not traded will remain in the system till it is cancelled or the series expires, whichever is earlier is called as _______.
(a) Good for Day (b) Good till Cancelled (c) Good till date (d) Limit Order

7) __________________is the process of converting illiquid, non-negotiable financial assets into securities of small value which are tradable.
(a) Consumer Finance (b) Hire Purchase (c) Securitisation (d) Credit Rating

8) Credit card facility is an excellent example of ___________.
(a) Cash credit (b) Revolving credit (c) Secured credit (d) Term loan

9) Venture capital involves _____ level of risk.
(a) No (b) Low (c) Medium (d) High

10) The first credit rating agency in India is ___________.
(a) ICICI (b) CRISIL (c) CARE (d) ICRA

B) State whether the following statements are True or False (Attempt **any 7**) **07**

1) Forfaiting is a non-fund based facility.
2) Venture capital helps to create entrepreneurs.
3) Factoring service is provided only for a specific bill of exchange.
4) Bills discounting is a without recourse transaction.
5) Merchant banking business is regulated by SEBI.
6) By selling off loans through securitization, banks are able to improve their capital adequacy ratio.
7) Debit card allows the customers to spend today and pay tomorrow.
8) Credit score shows the creditworthiness of a borrower.
9) The ALM process rests on three pillars : ALM Information System, ALM organisation and ALM Process.
10) In Instalment Sale, the ownership of the asset is transferred to the buyer immediately at the time of sale.

Q2 A) What is forfaiting ? Explain its benefits. **08**

Q2 B) What is the registration process to be appointed as Banker to the issue? Describe the roles and responsibilities of Banker to the issue. **07**

OR

Q2 P) What are the limitations of credit rating? **08**

Q2 Q) What is consumer finance? What are the sources of consumer finance? **07**

Q3 A) On 1st April 2013, ToneUp Gym purchased a machine from Neil Ltd. on hire purchase basis. The cash price of the machine was Rs.2,00,000/-. The payment was to be made Rs.1,00,000/- on the date of agreement and the balance in two annual installments of Rs. 50,000/- plus interest at 12% per annum payable on 31st March each year. The first installment was payable on 31st March 2014.
Prepare Machine a/c and Neil Ltd. a/c in the books of ToneUp Gym for the financial years 2013-14 and 2014-15 assuming that the accounts are closed on 31st March every year and depreciation at 20% p.a. is charged on reducing balance method. **08**

Q3 B) What is a Futures contract? Explain its characteristics. **07**

OR

Q3 P) Explain the registration process for a stock broker. **08**

Q3 Q) Distinguish between Finance Lease and Operating Lease. **07**

Q4 A) Katrina Factors Ltd. advances Rs.72 lakhs to Kareena Ltd., against agreement of providing advance payment of 80% of receivables and for guaranteed payment after 3 months. The rate of interest is 15% compounded quarterly and factoring commission is 1.5% of receivables, both collected upfront.

i) Compute amount actually made available to Kareena Ltd.

ii) Calculate effective cost of funds made available to Kareena Ltd. if both interest and commission are collected in advance.

iii) Assume interest is collected in arrears and commission in advance. What would be effective cost of funds? **08**

Q4 B) What are the various disinvestment mechanisms for a venture capital firm? **07**

OR

Q4 P) Elaborate on the Sources of Funds for Housing Finance Companies. **08**

Q4 Q) Describe the role of the various parties involved in securitization process. **07**

Q5 A) Describe the advantages of credit cards. **08**

Q5 B) What are the terms of consumer finance? **07**

OR

Q5 Write short notes on (Attempt **any 3 out of 5**) **15**

a) Role of NBFCs
b) Foreign brokers
c) Pass Through Certificate and Pay Through Certificate
d) Regulatory Framework for Financial services
e) Factoring Cost
