

Duration: 2.5 hours

Marks: 75

- Note :**
- 1) All questions are compulsory
 - 2) Figures to the right indicate full marks
 - 3) Write proper question number
 - 4) Give working notes, wherever necessary

Q.1) Answer any 2

(15 mks)

- a) Explain the regulatory framework of financial services sector.
- b) What is forfaiting and explain its mechanism to facilitate international trade.
- c) Quickserv Factors advances Rs.24 lakhs to AFL Ltd. against agreement for providing advance payment of 75% of trade receivables and for guaranteed payment after 3 months. The rate of interest is 13% compounded quarterly and factoring commission is 1.5% of receivables, both collected upfront.
 - i. Compute the amount actually made available to AFL Ltd.
 - ii. Compute the effective cost of funds made available to AFL Ltd.
 - iii. Assume that interest is collected in arrears and commission in advance, and calculate the effective cost of funds

Q.2) Answer any 2

(15 mks)

- a) Explain the role of various participants in Securitization process.
- b) Explain Broker to an issue in detail
- c) Give the meaning of derivatives and explain options contract in detail.

Q.3) Answer any 2

(15 mks)

- a) Describe the popular housing finance agencies operating in India
- b) Distinguish between Operating and Financial Lease
- c) On 1/4/2016, Ishwar purchased a machine from Vazeer Ltd. The cash price of the machine was Rs.1,29,250. Down payment of 20% was made on 1/4/2016 and the balance cash price was paid in 4 equal installments with interest @ 11% p.a to be paid at the end of each year. Compute the annual interest payments. You are also required to prepare H.P.Vendor Vazeer Ltd. A/c in the books of Ishwar.

Q.4) Answer any 2

(15 mks)

- a) Explain the various sources of consumer finance.
- b) Explain the benefits of using credit cards.
- c) Enumerate the benefits of credit rating to the borrower and investors.

Q.5) Solve the following **case study**

(15 mks)

Roshan, a resident of Delhi had made a trip in January, 2016 to his hometown in Rajasthan, to visit his mother. When he went to local ATM center there to withdraw some cash, he realized that he did not have his debit card.

For that moment, Roshan assumed he must have forgotten the card at his Delhi residence. When he arrived in the city, however, he couldn't find the card anywhere.

After contacting the Bank, he realized that his account balance was only Rs. 09 instead of Rs. 70000. 14 withdrawals had been done using the card between January 07 and January 29.

1) Explain what type of fraud is involved in this case. Explain any other three types of frauds.

(07)

2) What are the ways to avoid these types of frauds?

(08)
