

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 privilege of credit card offered to the family members.
(a) Add-on cards (c) Debit cards
(b) Credit cards (d) Health cards
2. It is mandatory that all public issues should be managed by _____
functioning as the lead managers.
(a) Underwriters (c) Bankers
(b) Brokers (d) Merchant Bankers
3. _____ is fund based services.
(a) Credit Rating (c) Hire purchase
(b) Stock broking (d) Custodian services
4. Apex institution of housing sector is
(a) National Housing Banks (c) NABARD
(b) SEBI (d) IDBI
5. Under forfaiting the client is able to get credit facility to the extent of _____
(a) 60% of the value of the export bill
(b) 80% of the value of the export bill
(c) 100% of the value of the export bill
(d) 20% of the value of the export bill
6. In accordance with the bill rediscounting scheme, the bill should have
maximum of _____ days.
(a) 60 (b) 90 (c) 180 (d) 360
7. Credit Protection is available in _____
(a) Without Recourse factoring (c) Bill discounting
(b) With recourse factoring (d) securitization
8. _____ is the process of updating the accounts of the trading parties.
(a) Underwriting (c) Banking
(b) Clearing (d) securitization
9. _____ refers to the raising of finance by individual for the acquisition of
durable consumer goods.
(a) Factoring (b) Leasing (c) Bill discounting (d) Consumer Finance
10. Category _____ Merchant banker can act only as advisor or consultant to an
issue.
(a) I (b) II (c) III (d) IV

Q1. (B) State whether following statements are True or False (Any 7) (7)

1. Bill Discounting is a short term source of finance.
2. A certificate of registration should be obtained from SEBI to act as a clearing member.
3. Lessor is the owner of the property or assets who gives it on lease.
4. Smart card is a tiny integrated circuit chip card.
5. The first credit rating agency in India is CRISIL.

6. PIN stands for Personal Identification Name.
7. The non-fund based services are called asset based services.
8. The rolling settlement system is adopted by RBI.
9. CIBIL Rank is between 1 and 10 with 1 being worst and 10 being best.
10. AAA long term debt instruments carry highest credit risk.

- Q2.** (A) What are the characteristics of financial services? (7)
(B) Distinguish between Factoring and Bill Discounting. (8)

OR

- Q2.** (P) Explain types of Factoring. (7)
(Q) Anita owes Neeta a sum of rs.6000. On 1st April,2021 Anita gives a promissory note for the amount for 3 months to Neeta who gets it discounted with her bankers for rs.5,760. On the due date the bill is dishonoured. The bank paid rs.15 as noting charges. Anita then pays rs.2000 in cash and accepts a bill of exchange drawn on her for the balance together with rs.100 as interest. The bill of exchange is for 2 months and on the due date the bill is again dishonoured. Neeta paid rs.15 as noting charges. Pass the journal entries to be recorded in Neeta's books. (8)

- Q3.** (A) What are the services provided by Merchant Banker? (7)
(B) List out the function of stock broker. (8)

OR

- Q3.** (P) Define Securitisation.Explain the benefits of Securitization. (7)
(Q) Explain the Participants in Derivative markets. (8)

- Q4.** On 1st April, 2018, Trend ltd purchased machinery from Reliance Ltd on hire purchase basis. The cash price of the machinery was rs.5,00,000. The payment was to be made rs.1,00,000 on the date of agreement and balance in four annual instalment of rs.1, 00,000 plus interest at 8% p.a payable on 31st march each year. The first instalment being payable on 31st March, 2019. Prepare Machinery A/c and Reliance Ltd A/c in the books of Trend Ltd, assuming that the accounts are closed on 31st March every year and depreciation at 10% p.a is charged on the original cost. (15)

OR

- Q4.** (P) Explain the features of Venture Capital. (7)
(Q). Explain the Housing Finance Agencies in India. (8)

- Q5.** (A) Explain the various sources of Consumer Finance. (7)
(B) Explain various types of plastic cards. (8)

OR

- Q5. Write a short notes on: (any 3)** (15)

1. Problems in Financial Services.
2. Stock brokers.
3. National Housing Bank
4. Benefits of Credit Cards.
5. Credit Rating Agencies
