

Duration: 2 Hours & 30 Minutes

Maximum Marks: 75

Note: 1) All questions are compulsory, Subject to internal choice.  
2) Figures to the right indicate full marks.

**Q 1 A)** Fill in the Blanks (Any 8)

**08**

- 1) \_\_\_\_\_ are financial contracts that derive their value from the underlying asset. (REIT, Derivatives, Factoring)
- 2) \_\_\_\_\_ is a process of converting loans and debt into tradable securities or debt. (Securitisation, Merchant banking, Venture capital)
- 3) \_\_\_\_\_ requires compulsory registration with the SEBI to carry out their activity. (Merchant banker, Venture capital, Factoring)
- 4) \_\_\_\_\_ to an issue is engaged in activities such as acceptance of application money from investors and refund for the same in respect of issue of capital. (Broker, Sub-broker, Banker)
- 5) \_\_\_\_\_ refers to granting credit to consumers to enable them to possess goods meant for everyday use. (Housing Finance, Consumer Finance, Credit Cards)
- 6) The \_\_\_\_\_ of exchange is an instrument in writing which is a order signed by the maker to the bearer for some of money. (bill, document, trading)
- 7) Credit Rating Agencies use certain \_\_\_\_\_ for analysis of credit worthiness of companies. (name, forms, symbol)
- 8) \_\_\_\_\_ refers to a contract under which the owner of an assets allows another person to use the assets in return for some rent. (Purchasing, Leasing, Selling)
- 9) The entity that intermediate between the originator of the receivables and the end – investors is known as \_\_\_\_\_ (SPV, NTV, RTV )
- 10) \_\_\_\_\_ make a commitment to get the issue subscribed either by others or by themselves. (Company, Leaser, Underwriter)

**Q 1 B)** Match the Column (Any 7)

**07**

Group A		Group B	
1	Instalment payment	A	Lease
2	Agent of broker	B	Venture Capital
3	Commission based payment	C	Hire purchase
4	Recourse and non-recourse	D	Sub broker
5	Financial and operational	E	Underwriter
6	ICRA	F	Factoring
7	Merchant banking, issue management	G	Bill discounting
8	Member of stock exchange	H	Credit Rating Agency
9	Early stage financing	I	Financial Services
10	Bill based financing	J	Stock Broker

**Q 2 A)** Define Financial Services. Explain the characteristics of financial services.

**08**

**B)** Distinguish between bills receivable and factoring.

**07**

**OR**

C) Malika Ltd. furnishes you the following details: 08

Total Credit Sales	Rs. 3,20,00,000
Reserve Ratio	10%
Average Collection Period	90 days
Factoring Commission	2%
Interest charged by factor	18 %

Calculate the total cost of factoring assuming 360 days a year.

D) How are banks different from Non Banking Finance Companies. 07

Q 3 A) Define Merchant Banking. Describe functions of Merchant Banking. 08

B) Define Securitization. Explain the process of Securitization. 07

**OR**

C) Explain Underwriters and their functions. 08

D) Write down the functions of stock broker. 07

Q 4 A) What are the growth factors contributing to rise of Housing Finance in India? 08

B) Write a note on Leasing. Explain various types of leasing. 07

**OR**

C) Roshni purchased a delivery van on hire purchase basis on following terms: 08

Cash price – Rs. 1,58,500, Down payment: Rs. 31,700 and balance to be paid in four annual instalments of Rs. 40,000 each. Interest rate charged on above transaction is 10% p.a. Prepare loan amortisation table.

D) State and explain the stages of venture capital financing. 07

Q 5 A) Explain the types of product in Consumer Finance. 08

B) Explain the process of Credit rating. 07

**OR**

C) Write Short Notes (Any 3) 15

1. Foreign Brokers

2. Forfaiting

3. Special Purpose vehicle

4. Credit cards

5. Credit rating symbols