

T4 BMS v1 (Innovative Fin Strategy) 92

Q.P. Code :03000

[Time: 2½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory subject to internal choice.
 2. Figures to the right indicate full marks.
 3. Working notes are a part of your solution.

Q.1 Answer any two of the following.

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- a) Explain the problems in financial services sector.
- b) Ambitious Co. Ltd. has account receivables worth Rs. 120 lakhs. Optimum Factor Ltd. offers non-recourse factoring services to Ambitious Ltd. The factor would pay 80% of the value of the factored receivables @ 14% interest compounded quarterly. The remaining amount is retained as factor reserve. It also guarantees payment after three months from the date of purchase of the receivables. The factoring commission is 3% of the value of factored receivables. It is decided that interest and commission will be collected in advance.
 - 1) Find out the advance payable to Ambitious Co.
 - 2) Calculate the effective cost of funds on an annualized basis that is made available to Ambitious Co.
 - 3) Estimate the effective cost of funds based on the assumption that commission is collected in advance and the interest is collected in arrears.
- c) Distinguish between Factoring and Bill discounting.

Q.2 Answer any two of the following.

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- a) Explain the role and obligations of Banker to an issue.
- b) Explain any three types of derivative contracts.
- c) What is securitization and explain the types of securitization instruments.

Q.3 Answer any two of the following.

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- a) Discuss the features of venture capital finance.
- b) Briefly explain the Housing finance institutions in India.
- c) On April 1, 2016 a railway company buys on the hire-purchase system a truck for Rs. 1,50,000 payable Rs.30,000 cash as a down payment. The balance payment shall be made in four annual installments of Rs.30,000 principal portion plus interest at 12% per annum. The installments are payable on 31st December each year. The first installment being payable on 31.12.2016. Prepare the ledger accounts of the Truck a/c and Hire Purchase Vendor a/c in the books of the Railway company for 4 years assuming that the accounts are closed on 31st December each year.

Q.4 Answer any two of the following.

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- a) Explain the terms and conditions of consumer finance.
- b) Explain the features of smart cards.
- c) Discuss the limitations of credit rating.

Q.5 Case study

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Ms. Dilip is a businessman. He has to travel all over India to meet clients. He incurs various expense related to hotel, tickets, entertainment, etc. Several times he finds it difficult to use his debit card due to shortage of funds and last minute travel plans. He approaches his banker for a better alternative.

- 1) Assume yourself as a banker and offer him a type of card. Justify your answer.
- 2) List down the merits of the offered card.
- 3) List the precautions to be taken for usage of the card.