

Q.P. Code :02998

[Time: 2 $\frac{1}{2}$ 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. All working notes will be part of the answer.

Q.1 Answer any two from the following

15

- a) Explain the role of non banking financial companies.
- b) XYZ factors advances Rs.64 lacs to TARA Ltd, against agreement of providing advance payment of 80% of receivables and for guaranteed payment after 3 months. The rate of interest is 18% compounded quarterly and factoring commission is 1.8% of receivables, both collected up front
 - 1) Compute amount actually made available to TARA Ltd
 - 2) Calculate effective cost of funds made available to TARA Ltd
 - 3) Assume interest is collected in arrears and commission in advance. What would be effective cost of funds?
- c) What is Discounting of bill? Explain advantages of bill discounting to drawer and Banks.

Q.2 Answer any Two from the following

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- a) Explain functions of Merchant Banking
- b) Write a note on registration of Stock Broker
- c) Briefly explain the mechanism of securitization.

Q.3 Answer any two from the following

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- a) Explain 'National Housing Bank' as a regulator of housing finance.
- b) Briefly discuss stages of Venture Capital Financing.
- c) On 1st April 2014 Sita purchased audio system on hire purchase basis from NYT Ltd. The cash price of the audio system was Rs.3,00,000. The payment was to be made Rs.1,00,000 on the date of agreement and the balance in 4 annual installments of Rs 50,000 plus interest at 10% per annum payable on 31st December each year. The first installment being payable on 31st December 2014.
Prepare Audio system A/c and Vendor A/c in the books of Sita assuming that the accounts are closed on 31st December each year and depreciation at 10% p.a is charged as per fixed instalment method

Q.4 Answer any two from the following

15

- a) What is consumer finance? Briefly explain its types.
- b) Discuss process of credit rating.
- c) What is smart card? State its features.

Q.5 CASE STUDY

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Mr. Prasad has a habit of taking his salary in cash from his employer. He has saved an amount of Rs.3 lakhs over the past 6 months. He makes all his payments via cash to keep an easy record. However the new demonetisation move by the government, has affected Mr. Prasad as all his savings is of denominations of Rs.500 and Rs.1000. He is running out of cash to meet his daily expenses. He approaches his bank to seek advisory service as to which type of plastic money should he opt for. While talking to the banker, he informs that he receives a monthly salary of Rs.70,000 and is eager to avail a plastic money application

- a) Assume yourself as a banker and offer him a type of card. Justify your answer.
- b) Discuss the advantages of the offered card
- c) Explain the precautions to be taken for usage of the card.