

2016

M.Com. 1st Semester Examination

FINANCIAL SERVICES

PAPER—COM-105

Full Marks : 50

Time : 2 Hours

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Unit - I

[Marks : 20]

1. Answer any *two* questions of the following : 5×2

- (a) Briefly discuss the role of credit rating in the industrial development of a country.
- (b) What does 'investment nurturing' mean? What are its objectives?

(Turn Over)

- (c) Discuss the need and importance of factoring with special reference to India.
- (d) What are the main limitations of credit rating in a country like India ?

2. Answer any *one* question of the following : 10×1

- (a) (i) What are the benefits of Forfaiting services ?
- (ii) Explain the different types of costs associated with Forfaiting services. 6+4
- (b) (i) Critically comment on the major recommendations of the Malhotra committee.
- (ii) How can reinsurance contribute to the development of the insurance sector ? 6+4

Unit - II

[Marks : 20]

3. Answer any *two* of the following questions : 5×2

- (a) Give the structure of housing finance as a financial service.

- (b) If an airconditioner is being sold with the advertisement of zero interest loan repayment in twelve equated monthly instalments (EMIs) as per which cost of the airconditioner is Rs. 50000, trade discount being 2% of the cost, and a further 2% cash discount on full cash down payment being offered, calculate the hidden interest annual rate if any being charged by the trader. 5
- (c) Distinguish between guaranteed residual value and unguaranteed residual value in a financial lease transaction. 5
- (d) What are the different types of consumer finance? Elaborate any two types. 5

4. Answer any *one* of the following questions : 10×1

- (a) Z Leasing Co. Ltd. leases out an asset costing Rs. 500 lakh to Y Co. Ltd. in a single lease agreement for 5 years at a time. Annual lease rental amounts to Rs. 200/1000. Guaranteed residual value is Rs. 50 lakh. Incremental borrowing rate is 18%. Marginal corporate tax rate is 50%. Show ledger accounts in the books of Y Co. Ltd. for the first two years of lease and Balance Sheet only for

the first year of lease. Straight line method of depreciation is admissible. Follow AS 19. 10

- (b) Discuss in brief the merchant banking institutions which in no way act as primary market intermediaries. 10

[Internal Assessment — 10]
