

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.

COURSE CODE: 19VB/VM/FS36

B.VOC DEGREE EXAMINATION – NOVEMBER 2021

COMMERCE – SHIFT II

THIRD SEMESTER

COURSE : MAJOR – CORE

PAPER : FINANCIAL SERVICES I

TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

Answer all the questions:

(7 x 4 = 28)

1. What do you mean by depository participant?
2. What is factoring?
3. Explain the term consumer durable finance with a suitable example.
4. State any four functions of Rating agencies.
5. Who is a Registrar and Transfer agent?
6. Write a short note on Fee based financial services.
7. List out the stages of Venture capital.

SECTION – B

Answer any TWO questions:

(2 x 16 = 32)

8. a. Write a note on merchant banking. **(4 Marks)**
b. What are the various functions of merchant banking? **(12 Marks)**
9. a. Define lease financing and Hire purchase financing. **(4 Marks)**
b. Distinguish between lease financing and hire purchase financing. **(12 Marks)**
10. a. Redraft a note on mutual funds. **(4 Marks)**
b. Explain the features and benefits of mutual funds in India. **(4 Marks)**

SECTION – C

Answer any ONE question:

(1 x 40 = 40)

11. a. Enumerate any ten different types of factoring. **(20 Marks)**
b. **State whether the following statements are True or False:** **(5 x 2 = 10)**
 - i. Four parties are involved in bank guarantee - Justify.
 - ii. Is production of goods a service provided by factor in factoring? - Justify.
 - iii. The process of selling trade debts of a client to a financial intermediary is called Bills discounting - Justify.
 - iv. The process of managing the sales ledger of a client by a financial service company is called factoring - Justify.
 - v. Trade debts have to be assigned in favour of the financing company under forfaiting - Justify.

Match the Following:

(5 x 1 = 5)

- | | |
|----------------------------------|-------------------------------|
| i. Credit rating agencies | - Canara bank |
| ii. Functions of factor | - Invoice discounting |
| iii. Types of factoring | - Maintenance of sales ledger |
| iv. Factoring companies in India | - CRISIL |
| v. Bills discounting | - Disclosed factoring |

Fill in the Blanks:

(5 x 1 = 5)

- i. The idea of providing factoring services was first thought in India by _____.
- ii. Under the factoring the factor acts in the capacity of _____.
- iii. An indication of the level of risk that someone would pose if credit were granted to them is called _____.
- iv. If a factor provides finance after disclosing the fact of assignment of debts to the debtors concerned, it is called _____.
- v. _____ a bill is much broader than factoring.

12. (a) Explain any ten differences between Banks and NBFCs.

(20 Marks)

(b) . **State whether the following is True or False:**

(5 x 2 = 10)

- i. Building bought for hiring is a financial asset - Justify.
- ii. LIC is primarily a money market intermediary - Justify.
- iii. The most liquid financial market is the call money market - Justify.
- iv. Financial services companies earn a major part of their income through fee based activities - Justify.
- v. Loan syndication refers to getting term loans for projects from consortium - Justify.

Match the Following:

(5 x 1 = 5)

- | | |
|-----------------------|--------------------------------|
| i. Financial asset | - Long-term security |
| ii. Cash asset | - Government securities market |
| iii. Government bond | - Capital issue management |
| iv. Capital market | - Deposit created out of loans |
| v. Fee based activity | - Shares |

Fill in the Blanks:

(5 x 1 = 5)

- i. _____ assets are mostly useful for consumption.
- ii. Market for new issue is called _____ market.
- iii. The important goal of the financial service industry is to mobilize and allocate _____.
- iv. Term lending institutions are _____ market intermediaries.
- v. Merchant banks deals with funds raised through _____.
