Program:	**T.Y.B.Com (A & F)**	**Semester:**	**V**	**Program Code:**	**UGAF03**
Course:	**Innovative Financial Services**			**Course Code:**	**NUAF505**
Duration:	**2 Hours**	**Examination Pattern:**	**NEP-Autonomous- External**	**Max. Marks:**	**60**

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.
4. CO (Course Outcome), KL(Knowledge Level).

Examination:

REGULAR

Q. 1		**Attempt the following.**					[15]	CO's	KL's
	(A)	**Fill in the blanks with an appropriate answer from the alternatives given.**					[08]		
		I	Who is responsible for collecting payment from customers in a factoring arrangement?						
			a.	Seller	**b.**	Buyer			
			c.	Factor	**d.**	Bank only			
		II	Financial services are primarily provided by _____						
			a.	Manufacturing firms	**b.**	Financial intermediaries			
			c.	Retail stores	**d.**	Government departments			
		III	In leasing, who retains ownership of the asset?					CO1,	
			a.	Lessee	**b.**	Lessor		CO2,	L1
			c.	Financier	**d.**	Supplier		CO3,	
		IV	One major function of NHB is to provide _____					CO4	
			a.	Consumer goods	**b.**	Refinance facilities			
			c.	Export subsidies	**d.**	Equity dividends			
		V	Which type of trade does forfaiting primarily finance?						
			a.	Foreign trade	**b.**	Domestic trade			
			c.	Local retail trade	**d.**	Internal transfers			
		VI	Which institution first identifies similar loans for securitization?						
			a.	Investor	**b.**	Trustee			
			c.	Depository	**d.**	Originator			
		VII	A broker's major contribution during a public issue is to _____						
			a.	Audit accounts	**b.**	Encourage investor participation			
			c.	Rate securities	**d.**	Issue shares			
		VIII	Leasing helps businesses access _____ technology.						
			a.	Outdated	**b.**	Modern			
			c.	Used	**d.**	Manual			

	(B)	**State whether the following statements are true or false.**		**[07]**	**CO's**	**KL's**
		I	Bill discounting is unsuitable for a small business that has no assets to pledge as collateral.		**CO1, CO2, CO3, CO4**	**L1**
		II	Technological changes can expose a lessor to the risk of asset obsolescence.			
		III	Loan syndication becomes necessary when a company requires a very large loan.			
		IV	Regular use of bill discounting primarily reduces a business's financial credibility.			
		V	Seed capital supports activities such as product research and development.			
		VI	Issue management mainly helps companies raise funds.			
		VII	The originator sells loans to the SPV mainly to obtain immediate liquidity.			
Q. 2		**Attempt the following.**		**[15]**	**CO's**	**KL's**
	A	Examine the different sources of consumer finance available to individuals.		**[08]**	**CO4**	**L4**
	B	Explain the concept of Hire Purchase and discuss its key features.		**[07]**	**CO2**	**L2**
		OR				
	P	Analyze the benefits and drawbacks of using Credit Cards.		**[08]**	**CO4**	**L4**
	Q	State the objectives and functions of the National Housing Bank.		**[07]**	**CO2**	**L2**
Q. 3		**Attempt the following.**		**[15]**	**CO's**	**KL's**
	A	Illustrate the process of Securitization with a diagram.		**[08]**	**CO3**	**L3**
	B	Assess the challenges faced by the financial service sector.		**[07]**	**CO1**	**L5**
		OR				
	P	Apply your knowledge to explain how a venture capital investment process supports a start-up business.		**[08]**	**CO3**	**L3**
	Q	Critically evaluate the nature of activity undertaken by Merchant Bankers.		**[07]**	**CO1**	**L5**
Q. 4		**Attempt the following.**		**[15]**	**CO's**	**KL's**
	A	ABC Bank has a large portfolio of home loans, vehicle loans and personal loans. Although these loans generate regular EMIs, a major portion of the bank's funds is locked in these long-term assets. The bank wants to obtain immediate funds so that it can provide new loans to customers. ABC Bank pools similar loans and transfers the pool to a Special Purpose Vehicle (SPV). The SPV issues Pass Through Certificates (PTCs) to investors. Customers continue paying their EMIs to ABC			**CO2**	**L4, L5**

		Bank, which acts as the servicer. The collections are transferred to the SPV and distributed among PTC investors.			
	1.	Assess the role of ABC Bank and the SPV in the above securitization transaction.	[05]		
	2.	Evaluate how securitization will improve the liquidity and lending capacity of ABC Bank.	[05]		
	3.	Evaluate whether ABC Bank should use securitization to expand its lending activities. Give reasons.	[05]		

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