

UNIT-II

9. Discuss in detail concept, origin, constitution and management and growth of mutual funds in India.

Discuss the regulatory framework for mutual funds in India.

10. What do you mean by the term credit rating? Discuss in detail the factors that have contributed to the growth of the credit rating system worldwide. What are the benefits and limitations of credit rating?

UNIT- III

11. What do you mean by merchant banking? Discuss in detail origin, scope and advantage of merchant banking. What are the code of conduct observed by Indian merchant banker?
12. For a lease payment of Rs. 1, 00,000 for a period of 5 years, what should be the lease rental if rate of depreciation is 40% on diminishing balance and the lessor expect pretax rate of return 25%. Tax rate is 40% for the lessor?

UNIT-IV

13. Define debt securitization. Discuss in detail types, process and current scenario of securitization in India.

How does securitization cause financial disintermediation?

14. Write down the following :
- Stages of investment of venture capital.
 - Pros and cons of plastic money.

SECTION-C

15. From the following information construct profit and loss account of ABC Co Ltd after hiring factoring services and explain how this is beneficial to ABC.
- The average receivables of the firm are equal to 2 months sale.
 - All sales are on credit basis.
 - Cost of goods sold is equal to 60% of sales.
 - Administration costs (which includes credit department expenses of Rs. 1,00,000) and selling costs are assumed to be Rs. 4,00,000 and Rs 8,00,000 respectively.
 - The bad debts loss percentage is 5% of gross value of sales.

- 6) The factor charges 2% commission on gross value of sales.
- 7) The interest charged by the factor as well as by other financial institutions on advances is assumed at 18% per annum.
- 8) The margin money is 10%.
- 9) Material cost is saved by 2.5 % on account of lower prices, trade discount, cash discount etc.

Profit and loss account of ABC Co. Ltd. (before factoring)

	Rs.		Rs.
To material cost	18,00,000	By sales	60,00,000
To labour cost	10,00,000		
To factory expenses	8,00,000		
To gross profit	24,00,000		
Total	60,00,000	Total	60,00,000
To administrative expenses	3,00,000	By gross profit	24,00,000
To credit dept. expenses	1,00,000		
To selling expenses	8,00,000		
To bad debts	3,00,000		
To interest on loan	1,80,000		
To net profit	7,20,000		
Total	24,00,000	Total	24,00,000