

Total No. of Questions : 5]

**PB2159**

SEAT No. :

[Total No. of Pages : 3]

[6201]-4010

**S.Y.M.B.A.**

**404 SC-FIN 06 : CURRENT TRENDS & CASES IN FINANCE**

**(2019 Pattern) (Semester - IV)**

*Time : 2½ Hours]*

*[Max. Marks : 50*

*Instructions to the candidates:*

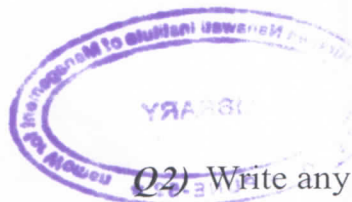
- 1) *All questions are compulsory.*
- 2) *Figures to the right indicate full marks.*
- 3) *Use of simple calculator is allowed.*

**Q1)** Write any five out of eight (2 marks each)

**[10]**

- a) Which of the following is not the part of organized sector of Indian money market?
  - i) Chit Funds
  - ii) Mutual Funds
  - iii) Non Banking Financial Companies
  - iv) RBI
- b) What is the minimum paid up capital requirement as small Finance Banks?
  - i) 100 crore
  - ii) 200 crore
  - iii) 20 crore
  - iv) 50 crore
- c) What is the rate at interest offered on PPI balance?
  - i) 0%
  - ii) 5%
  - iii) 2%
  - iv) 1%
- d) In which year the Regional Rural Bank Act was passed?
  - i) 1970
  - ii) 1976
  - iii) 1990
  - iv) 1988
- e) What is microfinance?
- f) What is the C.R.R.
- g) Define Repo rate
- h) Define angel Funding.

**P.T.O.**



Q2) Write any two of three questions (5 marks each)

[10]

- Explain the sources of Rural Credit.
- What is meaning at small finance banks and what are the objectives of small finance Banks.
- What are the key sectors for start - ups in India?

Q3) a) Discuss the guidelines for Licensing of payment Banks.

[10]

OR

- Describe the schemes Available for new start - ups by Government in the form of Finances.

Q4) a) A company's whose cost of capital is 12% is considering two projects 'A' and 'B'. The following data are available.

[10]

	Project A (Rs.)	Project B (Rs.)
Investment	1,40,000	1,40,000
Cash in flows -		
1st year	20,000	1,00,000
2nd year	40,000	80,000
3rd year	60,000	40,000
4th year	1,00,000	20,000
5th year	1,10,000	20,000

Select the most suitable project by using the following methods -

- Pay Back Period
- Profitability Index

Then present value of Rs. 1 at 12% are.

Year	p.v. Rate
1	0.9
2	0.8
3	0.7
4	0.6
5	0.55

OR

- b) Mr. Rajesh is an angle investor is seeking an annual at 20% on the investment at Rs. 1,50,000 in a business. Calculate & analyze the following -
- What is the angel's investment worth after 3 years?
  - If the investor and the entrepreneur have agreed that based on the financial projections the value of the business at the end of 3 years would be Rs. 8,50,000. Calculate the angel investor's equity percentage.

**Q5) a)** The existing capital structure of XYZ Ltd. is as under. **[10]**

Equity shares of Rs. 100 each.	Rs. 40,00,000
Retained Earnings	Rs. 10,00,000
9% preference shares	Rs. 25,00,000
7% Debentures	Rs. 25,00,000

The existing rate of return on the company's capital employed is 12% and the income tax rate is 50%. The company requires a sum of Rs. 25,00,000 to finance its expansion programme for which it is considering the following alternatives

- Issue of 20,000 equity shares at premium of Rs. 25 per share - PE Ratio 20
- Issue of 10% pref. share - PE Ratio 17
- Issue of 8% debentures - PE Ratio 16

Which of the above alternatives would you consider to be the best and why?

- b) A company wants to have an optimum mix at debt and equity. The cost at debt and cost of equity at different debt equity ratio is 95 follows.

Debt equity ratio	Cost of debt% [post - tax]	cost of equity %
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0-100	-	12.5
10-90	5	13.00
20-80	5	13.6
30-70	6	14.3
40-60	7	16.00
50-50	8	18.00
60-40	10	20.00

What is the optimum capital structure of the company?

x

x

x

Total No. of Questions : 5]

P7976

[6118]-72

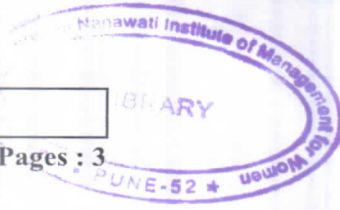
S.Y. M.B.A.

**404FIN-SC-FIN-06 : CURRENT TRENDS & CASES IN  
FINANCE**

**(2019 Pattern) (Semester - IV)**

SEAT No. :

[Total No. of Pages : 3



Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Each question has an internal option.
- 3) Figures to the right indicate marks for questions.
- 4) Use of simple calculator is allowed.

**Q1)** Write short answer (any five):

- a) What is the minimum capital required to set up payment bank? [2]
  - i) Rs.100 Crore
  - ii) Rs. 75 Crore
  - iii) Rs.50 Crore
  - iv) Rs. 25 Crore
- b) Which type of bank can issue debit card but not credit card? [2]
  - i) Retail Bank
  - ii) Micro Finance
  - iii) Commercial Bank
  - iv) Payment Bank
- c) Which of the following is not among the three basic characteristics of Retail banking? [2]
  - i) Multiple Products
  - ii) Multiple channels of distribution
  - iii) Multiple customer groups
  - iv) Multiple accounts of single customer

P.T.O.





**Q5)** Solve the following (any one):

- a) XYZ Ltd. is expecting an EBIT of Rs.3,00,000. The company presently raised its entire fund requirement of Rs.20,00,000 by issue of equity with equity capitalization rate of 16%. The firm is now contemplating to redeem a part of capital by introducing debt financing. The firm has two options to raise debt to the extent of 30% or 50% of total funds. It is expected that for debt financing upto 30% the rate of interest will be 10% and equity capitalization rate is expected to increase to 17%. However, if a firm opts for 50% debt then interest rate will be 12% and equity capitalization rate will be 20% you are required to compute the value of the firm under different options. **[10]**
- b) Shahji Steels Limited requires Rs.25,00,000 for a New plant. This plant is expected to yield earnings before interest and taxes of Rs.5,00,000. While deciding about the financial plan, the company considers the objectives of maximising earnings per share. It has three alternatives to finance the project-by raising debt of Rs.2,50,000 or Rs.10,00,000 or Rs.15,00,000 and the balance, in each case, by issuing equity shares. The company's share is currently selling at Rs.150, but is expected to decline to Rs.125 in case the funds are borrowed in excess of Rs.10,00,000. The funds can be borrowed at the rate of 10% upto 2,50,000, at 15% over 2,50,000 and upto Rs.10,00,000 and 20% over 10,00,000. The tax rate applicable to the company is 50%. Which form of financing should the company choose based on Earning per share?**[10]**



Total No. of Questions : 5]

**P3791**

[6025]-80

**S.Y.M.B.A.**

**404 FIN-SC-FIN-06 : CURRENT TRENDS AND CASES**

**IN FINANCE**

**(2019 Pattern) (Semester-IV)**

*Time : 2½ Hours]*

*[Max. Marks : 50*

*Instructions to the candidates:*

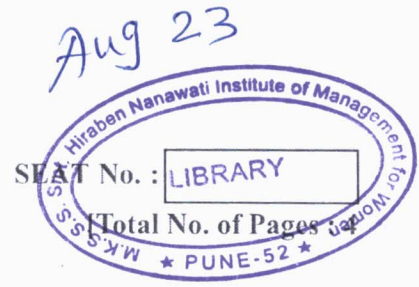
- 1) *All questions are compulsory.*
- 2) *Figures to the right indicate full marks.*
- 3) *Each questions has an internal options.*
- 4) *Use of Simple calculator is allowed.*

**Q1)** Write any Five out of eight (2 marks each)

**[10]**

- a) Which microfinance institution is known as the universal bank?
  - i) Arohan Financial Services Private Ltd.
  - ii) Bandhan Financial services Private Ltd.
  - iii) Disha Micro Finance Pvt. Ltd.
  - iv) SKS Microfinance Pvt. Ltd.
- b) What does the microfinance model not predict?
  - i) Decrease in Interest rate when repayment is regular and in time.
  - ii) Homogenous Risk group
  - iii) Self selection of the best borrowers
  - iv) Increase in interest rate which repayment is regular and in time.
- c) Self help group is related to which of the following models?
  - i) Indian micro finance model
  - ii) Financial inclusion model
  - iii) V.K. Mehta model
  - iv) Banking model

**P.T.O.**



- d) In India, NABARD does not provide refinance to-
- i) Scheduled commercial Banks
  - ii) Regional rural banks
  - iii) Export-import bank
  - iv) State development banks
- e) In an SHG, most of the decisions regarding savings and loan activities are taken by
- i) Local Government
  - ii) Group members
  - iii) Co-operative society
  - iv) Bank
- f) Which of the following is not the part of organised sector of Indian money market?
- i) Mutual funds
  - ii) Chit funds
  - iii) NBFCs
  - iv) R.B.I.
- g) Small finance banks and payments bank are which type of
- i) Shadow Bank
  - ii) Universal Bank
  - iii) Differentiated Bank
  - iv) Delivery Bank
- h) E-wallet has mainly \_\_\_\_\_ components
- i) 2
  - ii) 3
  - iii) 4
  - iv) 5

**Q2)** Answer any Two of the following. (5 Marks each)

- a) Distinguish between micro savings and micro finance.
- b) Explain the functions of small finance bank.
- c) Describe the business model of payment banks in India.



**Q3) a)** Elaborate the NABARD initiatives for development of micro finance in India. [10]

OR

b) Enumerate the different schemes available for new startypes by government of India. [10]

**Q4) a)** 'Mr Poor' is an and investor is seeking an annual return of 20% on the investment of Rs. 3,00,000 in a business. calculate and analyze the following: [10]

- i) What is the angel's Investment worth after 03 years?
- ii) If the investor and the entrepreneur have agreed that based on the financial projections the value of the business at the end of 03 years would be Rs. 17,00,000. Calculate the angel investor's equity percentage.

OR

b) Analyse "phone pe" Business model with suitable facts and figures.[10]

**Q5) a)** AB Corporation Ltd. is expecting the EBIT of Rs. 3,00,000 P.a on an investment of Rs. 10,00,000 is considering the finalisation of the financial plan. Company analyses the following on potions to raise the required funds of Rs.10,00,000 the company belongs to 50% tax beackets. You are required to compute EPS under following four options and suagest which is better and why? [10]

- i) 100% funds by issuing equity share capital at par of Rs. 100 each.
- ii) 50% funds by issuing equity share capital at par of Rs. 100 each and 50% by issue of 12% preference share capital.
- iii) 50% funds by equity share capital at par of Rs. 100 each, 25% by issue of 12% Preference share capital and 25% by issue of 10% Debentures.
- iv) 25% funds by equity share capital at par of Rs. 100 each, 25% by issue of 12% preference share capital and 50% by issue of 10% Debentures.

OR

- b) "Ishika" after acquiring a degree in Hotel management and Business Administration, Took over her family food accession Company of Manufacturing pickles, Jams and squashes. The business had been established by her great grandmother and was doing reasonably well. However, the fixed operating costs of the business were high and the cash flow position was weak. She wanted to undertake modernisation of the existing business to introduce the latest manufacturing processes and diversify in to the market of chocolates and candies. She was very enthusiastic and approached to a financial consultant who told her that approximately Rs. 50 lakh' would be required for undertaking the modernisation and expansion programme. He also informed hir that the stock market was going through a bullish phase.
- i) Keeping in mind. the above considerations, indentify the source of finance that should not be chosen by Ichila for financing the modernization and expression of her food processing business. Give one reason in support of your answer.
- ii) Explain any two factors, a part from those stated in the above situation, which she should keep in mind while taking this decision.

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Total No. of Questions : 5]

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[5860]-410

M.B.A.

404 - Fin : SC-FIN-06 CURRENT TRENDS AND CASES  
IN FINANCE

(2019 Pattern) (Semester - IV)

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Each question has an internal option.
- 3) Figures to the right indicate marks for questions / sub questions.
- 4) Use of simple calculator is allowed.

Q1) Write a short answer (any five) :

- a) What is the difference between microfinance and microcredit? [2]
- b) What is an MFI? [2]
- c) What is the main aim of small finance bank? [2]
- d) What is the difference between small finance bank and Payment bank? [2]
- e) What is the SLR and CRR? [2]
- f) Why startups are important for India? [2]
- g) For how long would recognition as a "startup" be valid? [2]
- h) What is smart card? [2]

Q2) Answer the following (any 2) :

- a) Describe the various functions of NABARD. [5]
- b) What are the most important characteristics of e-wallets? Explain Briefly. [5]
- c) What is difference between bank and small finance bank? [5]

P.T.O.



**Q3)** How microfinance is helping poor households & small Business in India?  
Elaborate with suitable example. **[10]**

OR

Enumerate the different schemes available for new startups by government of India.

**Q4)** 'A' is an angel investor is seeking an annual return of 25% on the Investment of Rs. 2,50,000 in a business. Calculate & analyze the following. **[10]**

- i) What is the angel's Investment worth after 3 years?
- ii) If the investor and the entrepreneur have agreed that based on the financial projections the value of the business at the end of 3 years would be Rs. 8,77,500. Calculate the angel investor's equity percentage.

OR

How do 'Paytm Payments Bank Limited market money? Analyze it with suitable Facts & Figures. **[10]**

**Q5) a)** A company is contemplating to raise additional Fund of Rs. 20,00,000 for setting up a project. The company expects EBIT of Rs. 8,00,000 from the project. **[10]**

Following alternating plants are available :

- i) To raise Rs. 20,00,000 by way of equity share of Rs.10 each.
- ii) To raise Rs. 10,00,000 by way of equity shares and Rs. 10,00,000 by way of debt @ 10%.
- iii) To raise Rs. 6,00,000 by way of equity and rest Rs. 14,00,000 by way of preference shares @ 14%.
- iv) To raise :  
Rs. 6,00,000 by equity shares  
Rs. 6,00,000 by debt @ 10%  
Rs. 8,00,000 by 14% preference shares.

The company is in 60% Tax bracket which option is best?

OR

- b) A company wants to have an option mix of debt and equity. The cost of debt and equity at a different debt equity ratio is as follows. [10]

Debt equity ratio	Cost of debt % (post-Tax)	Cost of equity %
0 : 100	—	12.5
10 : 90	5	13.00
20 : 80	5	13.60
30 : 70	6	14.30
40 : 60	7	16.00
50 : 50	8	18.00
60 : 40	10	20.00

What is the optimum capital structure of the company? Calculate combined cost of capital.

□□□