



BRAINWARE UNIVERSITY

Course – MCOM

Credit Management (MCM206)

(Semester – 2)

Time allotted: 3 Hours

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. Choose the correct alternative from the following

(i) Benchmark current ratio recommended by Chore committee is-

- a. 1:1
- b. 1.25:1
- c. 1.33:1
- d. 1.5:1

(ii) Which one is not observed in crop loan in India-

- a. NPA is high
- b. Recovery pattern is better
- c. Bank earns higher interest
- d. High turnover is possible for bank

(iii) No credit limit is sanctioned to RRB's by NABARD if previous dues exceeds percent of total demand of the year

- a. 50%
- b. 60%
- c. 70%
- d. None of the above

(iv) Investment in Plant and machinery required by a Micro manufacturing enterprise is-

- a. 10 lakhs
- b. 15 lakhs
- c. 20 lakhs
- d. 25 lakhs

(v) Refinance for agricultural term loans to rural co-operative bank are provided by

- a. RBI
- b. Commercial Bank
- c. NABARD
- d. Co-operative Banks

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. Raw materials (Iron ore) -3 months consumption; Stock-in-progress $\frac{1}{4}$ months consumption; Finished stock 2 months consumption; Receivables 1.5 months consumption; creditors for raw materials 1 month consumption. Total sales price is Rs 10 per unit. Annual consumption is 1,00,000 units. 30% of price is raw material, 20% labor, 20% overhead and 10% profit.
- Calculate maximum permissible bank finance under working capital gap method. [15]
8. (a) What do you mean by bank guarantee? [3]
- (b) How is it used? Explain in details highlighting RBI guidelines in connection with the issue of bank guarantee. [12]
9. (a) What do you mean by bill discounting? [3]
- (b) How commercial bank use it to provide credit using Bill discounting technique? [12]
10. (a) Explain RBI guidelines on agricultural priority sector finance. [8]
- (b) Highlight on both direct and indirect financing. [7]
11. Explain with example NPV and IRR method of evaluation of a project. [15]