

BRAINWARE UNIVERSITY

Course – MCOM

Credit Management (MCM206)

		(Semeste	er –	2)				
Time	e allotte	d: 3 Hours		Full Marks : 70				
[The	e figure i	n the margin indicates full marks. Ca their own words as fa		dates are required to give their answers in s practicable.]				
		Grou	p –	A				
		(Multiple Choice T	ype	Question) $10 \times 1 = 10$				
1.	Choos	e the correct alternative from the fol	lowi	ing				
(i)	Bench	mark current ratio recommended by	Cho	ore committee is-				
	a.	1:1	b.	1.25:1				
	c.	1.33:1	d.	1.5:1				
(ii)	Which	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 NABA! percent of total demand of the year			BARD if previous dues exceeds					
	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)	Refina	nce for agricultural term loans to rur	al c	o-operative bank are provided by				
	a.	RBI	b.	Commercial Bank				

c. NABARD

d. Co-operative Banks

(vi)		service coverage ratio is considered in evaluating SME finance. The formula is (=profit after tax; D=depreciation; I=interest; L=Interest				
	a.	PAT/(1+L)	b.	(PAT+D)/1+L		
	c.	(PAT+D+I)/(1+I)	d.	None of the above		
(vii)	Present value of a project under consideration of credit is zero at-					
	a.	PLR	b.	Base rate		
	c.	Cost of capital	d.	IRR		
(viii)	i) In import business, payment of exporter is guaranteed through					
	a.	Inland LC	b.	Foreign LC		
	c.	Bank guarantee	d.	All of them		
(ix)	In working capital gap method, borrowers has to arrange for% of gap					
	a.	20%	b.	15%		
	c.	30%	d.	35%		
(x)	Real d	n price).				
	a.	(1+P)/(1+i)	b.	(1+i)(1+P)		
	c.	(1+i)/(1+P)	d.	(i-P)		
			Group – F	3		
	(Short Answer Type Questions)					
Ansv	ver any <i>tl</i>	hree from the following				
2.	What do you mean by credit need assessment? When you will calculate credit need using this method?			[3+2]		
3.	Explain with example, weaker sections under priority sector.				[5]	
4.	Explain the concept of primary securities and collateral securities.				[5]	
5.	Explain evaluation	benefit cost ratio and Delon	ot service covera	age ratio, used in credit	[5]	
6.	Explain	some of the risks affectin	g credit decisio	n.	[5]	

Group - C

		(Long Answer Type Questions)	$3 \times 15 = 45$
Ansv	wer aı	ny three from the following	
7.		Raw materials (Iron ore) -3 months consumption; Stock-in-progress ½ 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]