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| **SESSION** | **APRIL 2023** |
| **PROGRAM** | **BACHELOR of COMMERCE (B COM)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DCM2202– Financial Services** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02****30 Marks each** |

**Set – 1**

**1. “Venture capital is an activity by which an investor supports an entrepreneurial talent with finance and business skill to exploit market opportunities and thus obtain long-term market gains”. Explain the statement and discuss the advantages and disadvantages of venture capital funding.**

**Ans 1.**

**Explanation of the Statement:**

Venture capital (VC) is a specialized form of financial intermediation that provides funding to startups and early-stage companies that have high growth potential. The statement captures the essence of venture capital in several key ways:

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**2. What is factoring? Discuss the process and advantages of factoring to the factor and the company.**

**Ans 2.**

**Factoring** refers to a financial transaction in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount. This is done to obtain immediate cash, rather than waiting for the due date of the payments from customers. Factoring is not a loan; it is the sale of

**3. Define merchant banking. Discuss in detail the various functions performed by merchant bankers.**

**Ans 3.**

**Merchant Banking**

Merchant banking refers to a combination of services and consultation that commercial banks and other specialized financial institutions offer to businesses and high net worth individuals. Unlike retail banks, merchant banks typically do not provide services to the general public. Their clients include large corporations, other banks, and financial institutions. They primarily deal with commercial banking needs, corporate finance, private

**Set – 2**

**1. What do you understand by financial services? Discuss in detail the features of financial services.**

**Ans 1.**

**Financial Services:**

Financial services refer to the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including banks, credit unions, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds, and some government-sponsored enterprises.

**Features of Financial**

**2. What is a credit rating? Discuss the advantages of credit rating for the company as well as for the investors.**

**Ans 2.**

**Credit Rating**

A credit rating is an evaluation of the credit risk of a prospective debtor, predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting. This rating is assigned by a credit rating agency, which evaluates the qualitative and quantitative information

**3. What do you understand by Mutual Fund? Discuss the advantages of investing in Mutual Funds and different types of mutual funds.**

**Ans 3.**

**Mutual Fund:**

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are managed by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the