



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program : Fifth Semester – 2020

Paper: Credit Management

Course Code: BBA-301

Part – I (Compulsory)

Time: 15Min. Marks: 10

Roll No. in Fig.

Roll No. in Words.

Attempt this Paper on this Question Sheet only.

Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Signature of Supdt.:

Q.1. Encircle the right answer cutting and overwriting is not allowed. (10x1=10)

1. Credit Information Bureau was established in

A. 1991	B. 1992
C. 1993	D. 1994
2. In the bank's credit department a senior analyst has the difficult job to decide if the loan will be given to the

A. to the customer	B. if the credit request will be rejected
C. A and B both	D. None of the above
3. Credit management

A. Aims to minimize the bad debts	B. Aims minimize the cost of financing
C. Prompt payment of money due from debtors	D. All of the above
4. Risk premium for every loan and collecting these risk premiums in an internal bank account

B. Unexpected loss provision	B. Expected loss reserve
C. A and B both	D. None of the above
5. Credit management is an important tool used by finance managers. Credit management means

A. Managing the cash of the organization for the operational activities	B. To lend money to the borrower for more than a year
C. Granting money on credit basis while considering all the terms on which it is being granted	D. Managing the credit system
6. Credit risk management an important issue in

A. Partnership	B. Sole proprietorship
C. Banking	D. None of the above
7. Ratings describe the

A. Credit worthiness of customers	B. Cash worthiness of customers
C. A and B both	D. None of the above
8. The credit analysts have to consider drivers of the firm's economic future:

A. Future earnings and Cash flows	B. Capital structure
C. Liquidity of Assets	D. None of the above
9. The Depository Financial Institution include all of the following EXCEPT

A. Commercial bank	B. Saving bank
C. Investment bank	D. Credit Union
10. Managers try to do their best while managing credit system of entity. Poor management of credit system can lead to

A. Embezzlement of cash in a department	B. Loosing the valuable customers
C. High labour turnover	D. Delayed conversion of sales to cash



ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Give short answers of the following:

(10x2=20)

1. What is credit management?
2. What is a collateral security?
3. What is the default?
4. What is credit worthiness report?
5. What is third party guarantee?
6. What do you know about CAMELS approach of credit?
7. What are problems in loan management process?
8. What is the credit policy?
9. What is capital budgeting?
10. What are sources of bank credit?

Q.3. Answers the following questions.

(3x10=30)

- Briefly explain the credit policy formulation and discrimination in credit management?
- Explain the models of creating changes on securities commercial Vs. bank credit?
- What is the role of credit department in credit management? Briefly explain?