

SUB-INNOVATIVE FINANCIAL SERVICES

Multiple Choice Questions (MCQs)

FYBAF SEM- II

UNIT: I and UNIT: II

1. The availability of cash and other cash like marketable instruments that are useful in purchases and investments are commonly known as _____.
 - a. **Liquidity**
 - b. Credit
 - c. Marketability
2. Banking sector comes under which of the following sectors _____.
 - a. Marketing sector
 - b. **Service sector**
 - c. Industrial sector
3. A set of complex and closely connected instructions, agents, practices, markets transactions, claims and liabilities relating to financial aspects of an economy is referred as: _____.
 - a. **Financial system**
 - b. Financial market
 - c. Financial institution
4. _____ is a market for financial assets which have a long or indefinite maturity.
 - a. Financial market
 - b. **Capital market**
 - c. Money market
5. _____ was constituted to protect the interests of investors in securities and to promote the development of and to regulate the securities market through appropriate measures.
 - a. RBI
 - b. **SEBI**
 - c. BSE
6. The maximum load that a fund can exchange is determined by _____.
 - a. **SEBI**
 - b. RBI
 - c. AMFI
7. NBFC performs great role for finance in _____.
 - a. Wholesale sector
 - b. Big Scale industries
 - c. **Small scale and Retail sector**

8. NBFC is a company registered under _____.

- a. The Indian Contract Act
- b. The Companies Act, 1956
- c. **The RBI Act**

9. Finance is not available in the following factories service _____

- a. Without Recourse factoring
- b. With recourse factoring
- c. **Maturity factoring**

10. Sales Ledger Administration is available in the following factoring services_____

- a. Without Recourse factoring
- b. With recourse factoring
- c. **Invoice discounting**

11. Credit Protection is available in _____

- a. **Without Recourse factoring**
- b. With recourse factoring
- c. None of the above

12) Under forfaiting the client is able to get credit facility to the extent of_____

- a. **100% of the value of the export bill**
- b. 80% of the value of the export bill
- c. 90% of the value of the export bill

13. Full service factoring is often_____

- a. **Recourse factoring**
- b. Non-recourse factoring
- c. Agency factoring

14. The process of selling trade debts of a client to a financial intermediary is called_____

- a. **Factoring**
- b. Securitisation
- c. Materialisation

15. _____ services are mainly provided to foreign investors.

- a. **Custodial Services**
- b. Financial Services
- c. Factoring Services

16. The Idea of providing factoring services was first thought of in India by_____.

- a. Tandem committee
- b. Malhotra committee
- c. **Vaghul committee**

17. The central theme of forfaiting is the purchasing of _____ by a financial service company.
- d. Trade bill
 - e. Export bill**
 - f. Import bill
18. Refactoring charges have to be paid in the case of _____
- a. With recourse factoring**
 - b. Invoice factoring
 - c. Full service factoring
19. Buying a company's accounts receivable on a nonrecourse basis is known as _____
- a. Trading
 - b. Billing
 - c. Factoring**
20. Which of the following is not necessarily a party to a forfaiting transaction?
- a. Exporter
 - b. Broker
 - c. Bank**
21. The greatest security for a banker is that a _____
- a. Bill of Exchange**
 - b. Mutual fund
 - c. Commercial Paper
22. The buyer accepts the invoice and acknowledges _____ on the due date
- a. Seller
 - b. Paying**
 - c. Buyer
23. _____ has constantly endeavoured to develop the commercial bills market.
- a. Commercial bank
 - b. RBI**
 - c. SBI
24. The _____ bill is properly stamped.
- a. Demand
 - b. Usance**
 - c. Expired
25. The practice of discounting accommodation bills is known as _____
- a. Night bill
 - b. Kite flying**
 - c. Knight bill
26. No stamp duties are levied on LC backed bills up to _____ days.

- a 120
- b 100
- c **90**

27. "Prospectus" is the most important document for the Company to come out with a _____ issue.

- a. Private
- b. Public**
- c. Company

28. _____ Banks help to revive (cure) sick industrial units.

- a. Public
- b. Merchant**
- c. All

29. An _____ relieves the company of the risk and uncertainty of marketing the securities.

- a. Underwriter**
- b. Shareholder
- c. Banker

30. Underwriters build up _____ confidence in the issue of securities.

- a. Borrowers
- b. Investors**
- c. Company

31. The primary role of the _____ is to purchase securities from the issuer and resell them to investor.

- a. Underwriter**
- b. Shareholder
- c. Banker

32. A _____ include the following call for periodical report from the company.

- a. Underwriter
- b. Shareholder
- c. Debenture trustee**

33. _____ is the process of updating the accounts of the trading parties.

- a. Underwriting
- b. Clearing**
- c. Banking

34. _____ are financial contracts that derive their value from an underlying assets.

- a. Future
- b. Forward
- c. Derivatives**

35. _____ look for opportunities to take on risk in the hope of making return
- Shareholder
 - Hedgers
 - Speculators**
36. Buying low in one market and selling high in the other market , it called _____
- Arbitrage trading**
 - Hedging
 - Clearing
37. Membership of _____ can be taken by an individual, Registered Partnership Firm, Corporate or bank.
- SEBI
 - RBI
 - MSEI**

UNIT: III MCQ's

- A very long tenure lease applicable to immovable properties is _____.(a) Conveyance lease b) leverage lease c) consumer lease)
- In _____ leasing, the risk of obsolescence is assumed by the lessee.(a)Financial lease b) Operational lease c) both)
- In hire purchase depreciation can be claimed by the _____.(a) Vender b) hirer c) Financiers)
- _____is referred as both fund based and fee based financial service.(a) Higher purchase b) underwriting c) Factoring)
- Hire purchase Act passed in the year _____.(a) 1972, b)1973,c)1975)
- The term _____ refers financial investment in highly risky and growth oriented venture with the objective of earning a high rate of retune.(a) Venture capital)Merchant banking c)leasing)
- IDBI, IFCI, ICICI etc. are promoted by _____.(a) private VCs b)VCFs of specialize financial institutions c) both)
- _____is known as mezzanine capital.(a)Development financing b) expansion financing c) replacement finance)
- _____ Stages of financial includes financing development, expansion, buyout etc.(a) Early stage financing, b) later stage financing c) none)
- The first nationalized bank in India to start a VCF _____.(a)SBI, b) PNB, c) Canara bank)
- The setting up of the National Housing Bank (NHB), a fully owned subsidiary of the Reserve Bank of India in _____ as the apex institution marketed the beginning of emergence housing finance as a fund based financial services in India.(a) 1987, b) 1978, c)1988)
- The NHB, which a wholly – owned subsidiary of the _____.(a)SBI b) BOI c)RBI)
- Pradhan Mantri Awaas Yojana was lunched in _____with an aim to provide affordable housing to urban poor.(a) June 2016, b) June 2015,c)June 2018)
- The early stage financing of venture capital includes _____ (a) start ups b) second round finance c) both).
- Features of venture capital includes _____.(a) high risk b) high technology c)both)
- _____stages is an 'applied research' phase.(a) venture capital b) seed capital c)both)

17. _____ is the stages when commercial manufacturing has to commence.(a) Start Ups b) second round finance c) both)
18. _____ refers to financing of an enterprise which has overcome the highly risky stage and have recorded profit but cannot go public, thus needs financial support. (a) Venture capital b) development capital c) seed capital)
19. _____ refers to the transfer of management control by creating a separate business by separating it from their existing owner.(a) Buy Out b) Buy in c))
20. _____ is an involuntary exit forced on the VCI as a result totally failed investment. (a) Liquidation b) liability c) none)

Answers:

1)-a, 2)-a, 3)-b, 4)-b, 5)-a, 6)-a, 7)-b, 8)-a, 9)-b, 10)-c, 11)-c, 12)-c, 13)-b, 14)-c, 15)-c, 16)-b, 17)-a, 18)-b, 19)-a, 20)-a

UNIT: IV

MCQ's

1. Methods of consumer credit scoring are _____.(a) Specific Fixed Formula b) Machinery risk formula c) Both)
2. An applicant scoring more than _____ point is considered as one with goods credit standing.(a) 50 b) 70 c) 40)
3. The effective rate of interest on consumer finance is generally _____ than the rate applicable to business finance.(a) Lower b) Higher c) Medium)
4. Dunham Greenberg formula is not based the consumer's _____ (a) material status b) Income level c) financial position)
5. Credit card facility is an excellent example of revolving credit _____ (a) Cash credit b) secured credit c) revolving credit)
6. _____ Card can be issued to parties for undertaking any activities coming under the purview to direct finance to agriculture.(a) secured b) unsecured c) Fixed)
7. Budget card requires monthly payment on behalf of that _____.(a) holder b) banker c) seller)
8. Travel and Entertainment Card (T&E) are primarily for _____ purposes.(a) purchase b) travel and entertainment c) movie)
9. _____ Card issued jointly by a member bank, and non-finance organization.(a) co-branded b) budget c) Smart)
10. Cheque card issued by a bank which guarantees the payment of _____ within prescribed limit. (a) Cheque b) purchase c) cash
11. _____ is the opinion of the rating agency on the relative ability and willingness of the issuer of the debt instrument to meet the debt service obligation as and when the arise. (a) merit rating b) credit rating c) rating by merchant banker)
12. The credit ratings are expressed as _____.(a) Alphabetical b) Alpha numerical c) both)
13. The limitations of credit rating include _____.(a) Rating changes b) Industry specific c) both)
14. Credit rating is an expression of credit rating agencies regarding debt instrument on a specific date on _____. (a) Risk evaluation b) Product c) services)
15. Identify odd one out _____ (a) CRISIL b) ICRA c) ICICI)
16. _____ is a process of evaluating risk associated with the credit instrument.(a) Credit rating b) credit evaluation c) both)
17. _____ is an isolated function of a credit risk evaluation.(a) Credit rating b) credit evaluation c) both)

18. _____ is useful in differentiating credit quality. .(a) Credit rating b) credit evaluation c) both)
19. _____ is a privilege of credit card offered to the family members i.e. spouse, parents or children above 18 years of age of the primary credit card holder. (a) Add- plus card b) Add on card c) both)
20. _____ is used to estimate the worthiness of the credit for company, country or any individual company. .(a) credit evaluation b) Credit rating c) both)

Answer:

1)-c , 2)-b, 3)-b, 4)-a, 5)-c, 6)-b, 7)-a, 8)-b, 9)-a, 10)-a, 11)-b, 12)-c, 13)-c, 14)-a, 15)-c, 16)-a, 17)-a, 18)-a, 19)-b, 20)-b.

