

## TYBMS (FINANCE) – Financial Rural Development

### MCQ

(BOLD=CORRECT ANSWER)

1. Agriculture contributes\_\_\_\_\_ to India's GDP

- (a) 100%      (b) 75%      (c) 50%      **(d) 25%**

2. Prevalence of\_\_\_\_\_of technology is one of the significant characteristics of an underdeveloped economy in rural India.

- (a) High level      (b) Medium level      **(c) Low level**      (d) None of the above

(3) Major types of crops in India are: \_\_\_\_\_

- (a) Food grains like rice, wheat, millet etc.      (b) Commercial crop like jute, cotton, sugarcane etc.  
(c) Plantation crop like coconut, tea, rubber etc.      **(d) all of the above**

(4) Sustainable agricultural finance requires an assessment of:\_\_\_\_\_

- (a) Risks      (b) costs and bankable opportunities      (c) the right product to the right people      **(d) all of the above**

(5)\_\_\_\_\_describes financial intermediation outside of urban areas, including deposits, loans, payment and money transfer systems, trade credit, and insurance, to rural households as well as to farm and non- farm enterprises

- (a) Rural finance**      (b) Micro finance      (c) Corporate finance      (d) Macro finance

(6)\_\_\_\_\_refers to small transactions involving low-income households and microenterprises, using character-based methodologies

- (a) Rural finance      **(b) Micro finance**      (c) Corporate finance      (d) Macro finance

(7) Financial institutions in India foster rural development by offering demand oriented financial services for\_\_\_\_\_

- (a) Small farmers      (b) women      (c) poorer households      **(d) all of the above**

(8) The main objectives of rural finance are \_\_\_\_\_ ,

(a) promoting growth (b) ensuring better equity (c) making financial operations viable **(d) all of the above**

(9) \_\_\_\_\_ is a group comprising of 20 individual ladies who wish to start an enterprise.

**(a) Self Help Group** (b) Micro Credit Institutions (C) farmer (d) rural

(10) When Banks fail to recover from its debtor it faces \_\_\_\_\_ ,

(a) Liquidity Risk **(b) Credit Risk** (C) farmer (d) rural

(11) A fee levied by any institution is termed as \_\_\_\_\_ cost

**(a) Transaction** (b) Risk (C) farmer (d) rural

(12) \_\_\_\_\_ plays an important role in bridging Financial gaps between rural and urban sectors.

**(a) Rural Banking** (b) Rural Marketing (c) Liquidity Risk (d) Credit Risk

(13) \_\_\_\_\_ act as a link between the State co-operative banks and the primary agricultural credit societies in the mobilisation of funds and providing loans in the rural sector.

**(a) PACs** (b) DCCBS (c) Liquidity Risk (d) Credit Risk

(14) \_\_\_\_\_ is the apex body in regulating the financial services in rural India.

**(a) NABARD** (b) RBI (c) PACs (d) DCCBS

(15) Credit shall be made available to people who wish to construct their own houses or acquire homes in the rural area to a maximum extent of Rs. 25 Lakhs in the form of \_\_\_\_\_

**(a) Rural Housing loan** (b) Rural Education Loan (c) PACs (d) DCCBS

(16) \_\_\_\_\_ helps in creation of employment opportunities in the rural areas.

(a) Farm Activities **(b) Non-Farm activities** (a) Rural Housing loan (b) Rural Education Loan

(17) Under\_\_\_\_\_small amount of loans given to the borrower

(a) Micro finance **(b) Micro credit** (c) Macro credit (d) Macro finance

(18) Under\_\_\_\_\_besides loans many other financial services are provided such as Savings A/C, Insurance etc.

**(a) Micro finance** (b) Micro credit (c) Macro credit (d) Macro finance

(19) The pioneering of modern microfinance is often credited to\_\_\_\_\_

**(a) Dr Mohammad Yunus** (b) Dr. Abdul Kalam (c) Dr. Pranab Mukherjee (d) Dr. Manmohan Singh

(20) The World Bank has called\_\_\_\_\_the "cradle of microfinance".

**(a) South Asia** (b) North America (c) South Africa (d) Australia

(21) The Microfinance has\_\_\_\_\_the reliance of poor on the indigenous bankers.

**(a) reduced** (b) increased (c) augmented (d) supported

(22) Microfinance is about building permanent local financial institutions that can attract\_\_\_\_\_

(a) Domestic deposits (b) recycle deposits into loans (c) provide other financial services **(d) all of the above**

(23) SHG movement in India gained momentum after\_\_\_\_\_

**(a) 1992** (b) 1982 (c) 1972 (d) 1962

(24) Products and services of MFI are needed for:\_\_\_\_\_

(a) Financial independence (b) Unskilled labour (c) Uneducated people **(d) All of the above.**

(25) Micro credit is essential for\_\_\_\_\_

(a) Cash flow management (b) Risk management (c) Asset building **(d) All of these**

(26) Approach that emphasizes on providing not only credit but a range of development oriented services to the poor: \_\_\_\_\_

(a) Minimalist **(b) Integrated** (c) Both (a) & (b) (d) None of the above.

(27) Model which is like 'associations and Community Banks' except that their ownership structure does not include the poor: \_\_\_\_\_

(a) Community banking Model **(b) Co-operative Model** (c) Grameen model (d) Mixed model

(28) Ability of a financial institution to honour all cash payment commitments as they fall due: \_\_\_\_\_

**(a) Liquidity** (b) Bankrupt (c) Overdraft (d) None of these

(29) Objectives of liquidity management includes: \_\_\_\_\_

(a) Honour cash payments (b) Satisfy minimum reserves (c) Cost minimisation **(d) All of these**

(30) Model which promote business of the bank as well as take other services such as disbursal of small credits, sale of micro insurance etc.: \_\_\_\_\_

(a) Business Facilitator **(b) Business Correspondent** (c) Multiple model (d) Grameen model

(31) Model which is based on the concept of joint liability: \_\_\_\_\_,

**(a) Grameen model** (b) Multiple model (c) Cooperative Model (d) Intermediary Model

(32) Role of Microfinance institution includes: \_\_\_\_\_,

(a) Financial Stability (b) Creation of jobs (c) Global poverty **(d) All of these**

(33) Services that are generally benefited to the group of people who have family back home: migrated from places and they want to remit part of the income to the \_\_\_\_\_

(a) Micro savings (b) Micro credits (c) Micro Insurance **(d) Transaction**

(34) The \_\_\_\_\_ is a head association of the Ministry of Development and Entrepreneurship.

- (a) **NIESBUD**      (b) SIDBI      (C) NSIC      (d) IIE

(35) \_\_\_\_\_ is registered with the SEBI for rating the issue of shares IPOs etc.

- (a) CGTMSE      (b) **SMERA**      (C) SIDBI      (d) NSIC

(36) The MSME functions under the hands of \_\_\_\_\_ Government

- (a) State      (b) Central      (c) **State and Central**      (d) No

(37) RBI has relaxed rules for resolution of stressed \_\_\_\_\_ loans

- (a) SME      (b) SMB      (C) **MSME**      (d) None of the Above

(38) \_\_\_\_\_ is the public procurement portal of MSME.

- a) MSME Samjhauta      (b) **MSME Sambandh**      (c) MSME Sandesh      d) MSME Sampark

(39) ZED in the contexts of MSME's stand for \_\_\_\_\_

- a) Zero Defect Zero Effect** (b) Zero Effect Zero Defect (c) Zero Effectiveness Zero Defectiveness (d) Zero Delays Zero Effect

(40) A composite loan limit of \_\_\_\_\_ can be sanctioned by banks to enable the MSME entrepreneurs to avail of their working capital and term loan requirement through Single Window.

- (a) Rs. 10 lakh (b) Rs. 25 lakh (c) Rs. 50 lakh (d) **Rs. 1 crore**

(41) \_\_\_\_\_ also called as democratized funding is web-based tool which involves seeking mainly smaller funds from multiple lenders through a social platform to fund new ventures.

- (a) **Crowd Funding**      (b) Self help group      (c) Factoring      (d) Risk Capital

(42) MSME can raise money from different types of finance which includes: \_\_\_\_\_

(a) Long term                      (b) Seed Capital                      (c) Risk Capital                      **(d) All of the above.**

(43) Alternative sources of financing MSME includes:\_\_\_\_\_

(a) Factoring                      (b) lending                      (c) Peer to peer                      **(d) All of the above**

(44) Which financial institutions finances MSME:\_\_\_\_\_

(a) SIDBI                      (b) Cooperative banks                      (c) SFCs/SIDCs                      **(d) All of the above**

(45)\_\_\_\_\_ funds are those which are utilized for high risk and high reward investment.

(a) Working capital **(b) Risk capital** (c) Seed capital (d) Long term capital.

(46) Ceiling on the loan under the Credit Linked Capital Subsidy scheme:\_\_\_\_\_

**(a) Rs. 1 Crore**                      (b) Rs. 10 Crore                      (c) Rs. 100 Crore                      (d) Rs. 50 Crore.

(47)\_\_\_\_\_ refers to the lack of critical information that is required by the banks to make the lending decision:

(a) Granularity **(b) Information asymmetries** (C) Moral Hazard (d) none of the above

48)\_\_\_\_\_ is a very effective tool as it helps in managing the cash flows of the company who have deficient working capital arrangements.

**(a) Factoring**                      (b) Private equity                      (c) Crowd funding (d) none of the above.

49)\_\_\_\_\_ is a method of systematically identifying, assessing, and managing the various risks faced by a Micro Financial Institution

(a) Risk Averse (b) Risk Analysis **(c) Risk Management** (d) None of the above.

(50) Risk Management is essential for:\_\_\_\_\_

(a) Decision making (b) Performance evaluation (c) Financial viability **(d) All of the above.**

(51) \_\_\_\_\_ is the risk to earnings or capital due to borrowers late and non-payment of loan obligations:

- (a) Liquidity risk **(b) Credit risk** (c) Market risk (d) Interest rate risk

(52) \_\_\_\_\_ arises from the possibility of a change in the value of assets and liabilities in response to changes in market interest rates:

- (a) Liquidity risk (b) Credit risk **(c) Interest rate risk** (d) Market risk

(53) \_\_\_\_\_ arises from human or computer error within daily product delivery and services:

- (a) Credit risk (b) Market risk (c) Portfolio risk **(d) Operational risk**

(54) Factors affecting the quality of portfolio includes: \_\_\_\_\_

- (a) Reporting of arrears (b) Methods of lending (c) Economic activities **(d) All of the above**

(55) \_\_\_\_\_ shows increase in delinquency when there is a fraud.

- (a) Portfolio at risk** (b) Client dropout (c) Both (a) & (b) (d) None of the above

(56) Market risks include: \_\_\_\_\_

- (a) Interest rate risk (b) Foreign currency risk (c) Investment risk **(d) All of the above.**

(57) Financial risk includes: \_\_\_\_\_

- (a) Credit risk (b) Liquidity risk (c) **Both (a) & (b)** (d) None of the above.

(58) External environment in which MFI operates include: \_\_\_\_\_

- (a) Natural disaster (b) Economic crises (c) Wars **(d) All of the above.**

(59) The main goals of MFI are \_\_\_\_\_

- (a) Serving the poorest (b) Getting the most donor funds (c) Reaching financial sustainability **(d) all of the above**

(60) Not less than\_\_\_\_\_ per cent of their deposits should be invested by NBFCs in specified securities and approved securities (government securities and bonds guaranteed by the government)

(a) 10% **(b) 15%** (c) 20% (d) 25%

(61) Cash forecasting and budgeting is very important because it enables the firm to maintain\_\_\_\_\_ term liquidity.

**(a) Short term** (b) Medium term (c) Long term (d) All of the above

(62) NABARD functions\_\_\_\_\_

(a) institutional development; (b) credit provision; and (c) supervision **(d) All of the above**

(63) Functions of SIDBI\_\_\_\_\_

(a) institution for the promotion (b) financing industry in the small-scale sector (c) development of MSME **(d) all of the above**

(64) Regulatory approaches to microfinance sector include\_\_\_\_\_

(a) No regulation (b) Pure self-regulation (c) Hybrid **(d) any of the above**

(65) The NBFCs have to comply mainly with the following accounting requirements\_\_\_\_\_

(a) Income recognition (b) Income from investments (c) Accounting standards **(d) All of the above**