**GOVERNMENT COLLEGE FOR WOMEN (A) KUMBAKONAM**

**DEPARETMENT OF COMMERCE**

**FINANCIAL SERVICE– P21COC208**

1. \_\_\_\_\_\_\_\_\_ is a link between savers & borrowers helps to establish a link between savers & investors
(a) Marketing **(b) Financial market** (c) Money market (d) None of these

2. Which of the following is the function of financial market?

(a) Mobilization of savings (b) Price fixation (c) Provide liquidity to financial assets
**(d) All of the above**

3. \_\_\_\_\_\_\_\_\_\_ is the organizations, institutions that provide long term funds.
**(a) Capital market** (b) Money market (c) Primary market (d) Secondary market
4. When securities are allotted to institutional investors & some selected individuals is referred to as \_\_\_\_\_\_\_\_\_.
(a) Initial public offer (b) Offer through prospectus **(c) Private placement** (d) Offer for sale

5. Stock exchange is known as \_\_\_\_\_\_\_\_\_\_ market for securities.
(a) Primary market **(b) Secondary market** (c) Capital market (d) None of the above

6. \_\_\_\_\_\_\_\_\_ is a market for lending & borrowing of short term funds.
**(a) Money market** (b) Primary market (c) Capital market (d) All of the above

7. \_\_\_\_\_\_\_\_\_\_\_\_ is also called zero coupon bond.
(a) Trade bills (b) Call money **(c) Treasury bills** (d) Commercial papers

8. Which of the following are the instruments of money market?
(a) Call money (b) Certificate of deposits (c) Trade bills **(d) All of the above**

9. Which one of the following is not a function of financial market?
(a) Mobilization of savings (b) Price determination of securities
**(c) Floating of companies** (d) Lowering transaction cost

10. Which one of the following is a money market instrument?
(a) Unit of mutual fund (b) Debenture (c) Bond **(d) Treasury bill**11. Primary and secondary markets develop simultaneously because they \_\_\_\_\_\_\_\_\_\_
 **(a) complement each other** (b) complement with each other

c) control each other. (d) function independently.

12. Secondary market is in the form of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**(a) stock exchange.** (b) money market (c) new issue market (d) commercial exchange
13. SEBI is a regulator of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**(a) capital market** .(b) money market (c) commodity market (d) overseas market
14. \_\_\_\_\_\_\_ is a short-term unsecured promissory note issued by reputed business organisations at a price lower than its face value and redeemable at par.

(a) Treasury bill **(b) Commercial paper** (c) Certificate of deposit (d) Promissory note
15. \_\_\_\_\_\_\_\_ is a source of financing to meet very short-term fund requirements of commercial banks with a provision of renewal.
(a) Treasury Bill (b) Commercial Paper (c) Certificate of Deposit **(d) Call Money**
16.\_\_\_\_\_\_ is the market which helps existing investors to sell their securities.
(a) Primary market **(b) Secondary market** (c) Capital market (d) Commodity market
17.\_\_\_\_\_\_ is the institution which provides a platform for trading of existing securities having long-term maturity.
(a) SEBI (b) WTO **(c) Stock exchange** (d) RBI
18. After the trade has been executed, the broker issues a Contract Note to the investor within
(a) 52 hours **(b) 24 hours** (c) 48 hours (d) 12 hours
19. On this day, the exchange will deliver the share or make payment to the other broker,
(a) Pay-in day **(b) Pay-out day** (c) Transaction day (d) None of the above
20. The mandatory detail that an investor has to provide to the broker at the time of opening a demat account is\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
(a) Date of birth and address **(b) PAN number** (c) Residential status (Indian/NRI)
(d) Bank account details.
21. It is a number assigned to each transaction by the stock exchange and is printed on the contract note.\_\_\_\_\_\_\_\_\_\_\_\_
(a) PAN number **(b) Unique Order Code** (c) Contract Note (d) None of the above
22. It acts like a bank and keeps securities in electronic form on behalf of the investor
(a) Depository Participant **(b) Depository** (c) Stock exchange (d) None of the above
23. The process of holding shares in electronic form is known as
(a) Demutualization **(b) Dematerialization** (c) Speculation (d) None of the above
24. Stock Exchange works as a mechanism for valuation of securities through the forces of demand and supply. Identify the related function of performed by the stock exchanges.

(a) Providing liquidity and marketability to existing securities. (b) Safety of transaction.

 **(c) Pricing of security**. (d) Spreading of equity cult.
25. PK Enterprises Limited has sold an entire lot of 5,00,000 equity shares @ ₹9 each to Prosperous Bank Private Limited. The bank intum will offer the shares to general public for subscription @ ₹11 per share. Identify the method of floatation being described in the given lines.

(a) Private placement (b) Offer through prospectus **(c) Offer for sale** (d) Rights issue
26. Which of the following participants represent capital market?
 (a) Development banks (b) Commercial banks (c) Stock exchanges **(d) All of the above**
27. A company can raise capital through the primary market in the form of
a Equity shares b Preference shares c Debentures **d All of the above**28. It is a short-term, negotiable, self-liquidating instrument which is used to finance the credit sales of firms.
**(a) Commercial bill** (b) Commercial papers (c) Call money (d) None of the above
29. A merchant bank is a financial institution conducting money market activities and:

a. Lending b. Underwriting and financial advice c. Investment service **d. All of the above**

30. Formal merchant banking activity in India was originated in\_\_\_\_\_\_.

a. 1978 **b. 1969** c. 1769 d. 1987

31. In India, merchant-banking activity was originated with the merchant banking division set up by the \_\_\_\_\_\_\_\_\_\_.

a. Barclays bank **b. Grind lays bank** c. Yes bank d. None of the above

32. State Bank of India started merchant banking in \_\_\_\_\_\_ followed by ICICI in \_\_\_\_\_\_.

a. 1972, 1974 b. 1978, 1980 **c. 1973, 1974** d. 1980, 1981

33. The early growth of merchant banking in the country is assigned to the \_\_\_\_\_\_\_\_.

 a. FEMA **b. Foreign Exchange Regulation Act, 1973** c. Securities Contracts Act d. Income-tax Act

34. Developmental activities of merchant banking:

a. Sources of funds forever b. Expanding industry and trade

c. Leaving a widening gap unabridged

 between supply and demand of investible funds. **d. All of the above**

35. The term ‘Merchant Bank’ is used in:

a. United States **b. United Kingdom** c. America d. India

36. Banks implement the RBI’s \_\_\_\_\_\_\_ policies.

a. Monetary b. Credit c. Commercial **d. Both a and b**

37. Secondary markets in treasury bills require involvement of \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_.

**a. Brokers, Dealers** b. Buyers, Sellers c. Consumer, Producer d. All of the above

38. Merchant bank is an organization that-\_\_\_\_\_\_\_\_

a. Underwrites securities for corporations b. Advice clients on mergers

c. Involved in ownership of commercial ventures **d. All of the above**

39. Issue management is an important function of \_\_\_\_\_\_ and \_\_\_\_\_\_.

a**. Merchant banker, lead manager** b. Public banker, Merchant banker

c. Lead banker, Private banking d. None of the above

40. In simple terms, the management of issues for raising funds through various types of instruments by companies is known as:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Lead management **b. Merchant banking** c. Issue management d. Public issue management

41. Categories of securities issue:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Public issue b. Rights issue c. Private placement **d. All of the above**

42. Private placement covers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Shares b. Preference shares c. Debentures **d. All of the above**

43. The \_\_\_\_\_\_\_ has to manage the post-issue activities.

a. Merchant banker **b. Lead manager** c. Bank promoter d. All of the above

44. Financial services through the network of elements such as \_\_\_\_\_\_\_\_, serve the needs of

individuals, institutions and Corporate.

a. Financial institutions b. Financial markets c. Financial instruments **d. All of the above**

45. Objectives of financial services:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Fund raising b. Funds deployment c. Specialized services **d. All of the above**

46. Chief characteristics of financial services:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Intangibility b. Customer orientation c. Inseparability d. All of the above

47. The \_\_\_\_\_\_ is the apex organization in the Indian money market.

**a. SBI** b. RBI c. ICICI d. IDBI

48. The number of lead merchant bankers may not exceed in case any issue of, issue size

200crore to 400crore.

(a) 4 (b) 3 (c) 6 (**d) 5**.

49. A merchant bank can help an organization specifically in promotional functions,

‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐.

(a) Sponsoring the issue (b) Marketing (c) None of these **(d) All of these.**

50. Role of merchant bankers‐‐‐‐‐‐‐‐.

(a) Mobilization of funds (b) Promotional function (c) Innovation **(d) All of these.**

 51. The first bank to set up a separate merchant banking division in India.\_\_\_\_\_\_\_\_\_\_\_\_

(a) Punjab national bank (b) Standard charted bank

 **(c) National & Grin days bank** (d) National city bank**.**

52. Functions of financial services exclude ‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐.

(a) Mobilization of savings (b) Allocation of fund (c) Specialized services (**d) Collection of tax.**

53. Financial service companies exclude ‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐.

(a) Commercial banks (b) Insurance companies **(c) Sole proprietorship** (d) Crepitating agencies.

54. Category 1 merchant bankers can act as\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(a) Only as advisor (b) Underwriter (c) Consultant **(d) All issue management functions**.

55. Merchant bankers are\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (a) Merchants (b) Banks  **(c) Neither merchants nor banks**  (d) None of these.

 56. Merchant banker shall not associate with any business other than that of the securities market.--------

 (a) False **(b) True**  (c) None of these (d) All of these.

57. The number of lead merchant bankers may not exceeds in case any issue of , issue size less than Rs.50crore,number of MBs ‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐.

1. 1 (b) 3 **(c) 2** (d) 4.

**II UNIT**

1. An agreement of hiring with option to buy is \_\_\_\_\_\_\_\_\_\_\_\_

A. installment system. B. credit system. C. **hire purchase system**. D. cash system.

2. Under which system ownership is transferred on signing of the agreement?

A**. Installment system**. B. Credit system. C. Hire purchase system. D. Cash system.

3. Under hire purchase system the buyer is called \_\_\_\_\_\_\_\_\_.

A. buyer. B**. hirer**. C. hire vendor. D. debtor.

4. Under hire purchase system the seller is called \_\_\_\_\_\_\_\_\_.

A. buyer. B. hirer. C. **hire vendor**. D. debtor.

5. Under hire purchase system the relationship of hirer and hire vendor is \_\_\_\_\_\_.

A. buyer and seller. B. **bailer and bailee**. C. pawned and paw née. D. debtor and creditor.

6. Under installment system the relationship between the buyer and seller is that of a \_\_\_\_\_\_\_\_\_.

A. buyer and seller. B. bailor and bailee. C. pawner and pawnee. D. **debtor and creditor**.

7. Under hire purchase system, the risk of loss is borne by \_\_\_\_\_\_\_\_\_\_\_\_.

A. buyer. B. hirer. C. debtor. **D. hire vendor.**

8. Under installment system the risk of loss is borne by \_\_\_\_\_\_\_\_.

**A. buyer.** B. hirer. C. hire vendor. D. debtor.

9. Under hire purchase system who has the right of sell \_\_\_\_\_\_\_\_\_\_.

A. buyer. B. hirer. C. **hire vendor**. D. debtor.

10. Under hire purchase system, if installment is not paid the hire vendor has right to \_\_\_\_\_\_\_\_\_\_\_.

A. sell the goods. B**. repossession of goods**. C. repair the goods. D. purchase the goods.

11. Under hire purchase system, the agreement can be \_\_\_\_\_\_\_\_\_.

A. renewed. B. registered. C. **terminated**. D. endorsed.

12. Difference between hire purchase price and cash price of the assets is known as total interest\_\_\_\_\_\_\_\_\_\_

a. I agree b . I disagree c .false **d . true**

13.Under which system, ownership is transferred on payment of final installment?

A. Installment system. B. Credit system. C. **Hire purchase system**. D. Cash system.

14. Installment system is governed by \_\_\_\_\_\_\_\_\_\_.

A. Hire Purchase Act. B. **Sale of Goods Act**. C. Installment Act. D. Properties Registration Act.

15. Under hire purchase system, the retail price of the articles is called \_\_\_\_\_\_\_\_.

A. MRP. B. wholesale price. C. **retail price.** D. cash price.

16. Cash price plus interest is \_\_\_\_\_\_\_\_\_.

A. installment price. B. **hire purchase price**. C. maximum retail price. D. retail price.

17. The advance amount under hire purchase system is called \_\_\_\_\_\_\_\_\_\_.

A. cash price . B. retail price. C. interest. D. **down payment.**

18. Under hire purchase system, each installment is treated as \_\_\_\_\_\_\_\_\_\_.

A. interest. B. cash price. C. **hire charges.**  D. advance.

19. In hire purchase transaction the right to sell or transfer of the goods remains the seller.

**a . true** b . false c . I disagree d. I agree

20. If the hire purchaser fails to make payment of any installment, it is called \_\_\_\_\_\_\_.

A. **default.** B. repossession. C. sale. D. purchase.

21. If the hire vendor may take away all the goods on which there is default of installment it is called\_\_\_\_\_\_\_

 A. repossession . B. partial repossession. C. **complete repossession**. D. purchase.

22. Hire sales is transferred to trading account at the end of the accounting year\_\_\_\_\_\_\_\_\_

a . I agree b. I disagree . **c true** d. false

23. In the books of hirer, for payment of down payment, hire vendor account will be \_\_\_\_\_\_\_.

A**. debited .** B. credited. C. rectified. D. reversed.

24. In the books of hirer, for payment of installment hire vendor account will be \_\_\_\_\_\_\_\_\_\_\_.

A. **rectified**. B. credited. C. debited. D. reversed.

25. In the books of hirer, for interest due at the end of the year hire vendor account will be \_\_\_\_\_\_\_.

A. debited. B. **credited**. C. rectified. D. reversed.

26. In the books of Hirer, the interest and depreciation account will be transferred to \_\_\_\_\_\_.

A. Trading account. B**. P & L account.** C. P & L appropriation account. D. Balance sheet.

27. In installment purchase system ownership of goods passes from the seller to the buyer immediately.

a. **true** b. false c. I agree d. I disagree

28. In the books of hirer, when the asset is repossessed, asset account will be \_\_\_\_\_\_.

A. debited. B**. credited**. C. rectified. D. reversed.

29. Installment purchase and credit sell are different\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 a. I agree b . false **c .true** d. I disagree

30. ‐‐‐‐‐‐‐‐‐‐‐‐‐‐ is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it.

 A. Lease finance B. **Venture capital** C**.** Merchant banker D. hire purchaser

31.‐‐‐‐‐‐‐‐‐‐‐‐‐ is a long term risk capital to finance high technology projects which involve risk

but at same time has strong potential for growth.

**A. Venture capital B.** hedge finance C Merchant banker D hire purchaser.

32. ‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐act as an intermediary to link up the sources of ideas and the sources of fund.

**(a)Venture capital** (b) Merchant banking (c) Leasing (d) None of these.

33. Financial services offered financing risk project e.g. Risk capital scheme of I F C I venture capital fund of I D F I etc. to provide ‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐‐.

(a) Seed capital **(b) Venture capital** (c) Primary fund (d) secondary fund.

34. The person who undertake an agreement, conveys to another person the right to use in return for rent, an assest for an agreed period of time\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(a) **Lesser**  (b) Lessee (c) Both (d) None of the above

35. Accounting standard for lease is\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(a) As 17 (b) As 18 (c) **As 19** (d) As 20

36. There are two parties involved in a lease agreement namely\_\_\_\_\_\_\_\_\_\_\_\_\_

 (a) **Lesser and lessee** (b) Indemnifier and surety (c) Buyer and seller (d) Bailor and bailee

37. The amount for which an assets could be exchanged or a liability settled between knowledgeable, willing parties in an arm length transaction in termed as\_\_\_\_\_\_\_\_\_\_\_\_

(a) Invoice value (b) Market value (c) **Fire value** (d) Dual value

38 . Interest paid on hire purchase is charged to profit and loss account because it is revenue expenditure

a**. true** b. false c. I disagree d. I agree

39. As 19 classifies lease in to how many types?

(a) 2 (b) 1 (c) 3 (d) 4

40. Operating lease is a \_\_\_\_\_\_\_\_\_\_\_\_

(a) **Revocable contract** (b) Non revocable contract (c) Operating contract (d) None of the above

41. Which lease transfer substantially all the risk and rewards incident to ownership of an asset?

(a) Operating lease (b) **Finance lease**  (c) Both (d) None of the above

42. There is no difference between hire purchase and installment purchase system\_\_\_\_\_\_\_

a. True b. **false** c. I agree d. I disagree

43. The expected fire value of the leasehold property at the end of the term included in the minimum lease payment is termed as \_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (a) **Unguaranteed residual value** (b) Guaranteed residual value (c) Both (d) None of the above

44. A portion of the lease payment that is not fixed in amount but is based on a factor other than just the passage of time is termed as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (a) House rent (b) Outstanding rent (c**) Contingent rent** (d) None of the above

45. Financial lease is--------------------

 (a) **Non revocable contract** (b) Revocable contract (c) Contingent contract (d) None of the above

45. In which types of lease expenses like maintenance, repair, and taxes are born by the lesser \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (a) **Operating lease** (b) Financial lease (c) Both (d) None of the above

46. In financial lease the risk of obsolescence is taken by the\_\_\_\_\_\_\_\_\_\_\_\_

 (a) Lesser (b) **Lessee**  (c) Both (d) None of the above

47. The different between the lessor’s gross investment in the lease and its present value is called as\_\_\_\_\_\_\_\_\_\_\_\_

(a) Finance income (b) Nonfinancial income (c) **Unearned finance income** (d) None of the above

48. Hire purchase price =cash price + total interest

a.**true** b. I disagree c false I agree

49. Payment made towards cash price to be treated as capital expenditure for the purchase of an assets,

**a . True**  b. false c .I agree d. disagree

50. The estimated fire value of the assets at the end of the lease term is known as\_\_\_\_\_\_\_\_\_\_

(a) **Residual value** (b) Invoice value (c) Dual value (d) Market value

51. in hire purchase system ownership of goods passes from the seller to the buyer only when full and final payment is made\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a**. true** b. I disagree c. False d. I agree

52. In the books of hirer, when the asset is repossessed hire vendor account will be \_\_\_\_\_\_.

A. **debited.** B. credited. C. rectified. D. reversed.

53. Under hire purchase system the buyer can sell, destroy, transfer, damage, or pledge the goods.

a.  **false** b. true c. I disagree d. I agree

54. In the books of hire vendor, which account will be debited for hire sales \_\_\_\_\_\_\_.

A. buyer. B. **hirer.** C. hire vendor. D. debtor.

55. Depreciation on fixed assets purchased on hire purchase system is charged in the books of the seller.

a. true **b. false (only purchaser)** c. I agree d. I disagree

56. In case of default only the hire vendor has the right to repossess the goods\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. false **b. true** c. I disagree d. I agree

57. Under hire purchase system, interest is calculated on \_\_\_\_\_\_\_.

A. cash price. B. hire purchase price. C. MRP. D. **outstanding balance**

58. Hire puHire purchase system is governed by \_\_\_\_\_\_\_\_\_\_\_.

A**. Hire Purchase Act 1972.** B. Hire Purchase Act 1973. C. Hire Purchase Act 1974. D. Hire Purchase Act 1975

59. Assets are recorded at cash price in the books of vendee\_\_\_\_\_\_\_\_\_\_

a. false b . I agree **c . true** d . I disagree

60. The hire vendor takes away only a portion of the goods on which there is default of Installments it is called \_\_\_\_\_\_\_\_\_.

A. repossession . B. **partial repossession**. C. complete repossession. D. purchase.

**UNIT 3**

1. When the first credit agency was floated?

a. Jan 1 1988 b.feb 20 1991 c. Jan 7 1980 d. Mar 2 1960

2. Who employs a multi layered decision making process in assigning ratings .

a. CARE B. **CRISIL** C. DCR D. ONICRA

3. Which ratings may be upgraded downgraded or withdrawn depending upon new information.

a. ONICRA B. **CRISILO** C. DCR D. All of these

4. CRISIL secured the certificate of registration under SEBI in \_\_\_\_\_\_\_\_\_\_\_\_

a. 1920 b**. 1999**  c. 2000 d. 1996

5. Full form of IICRA \_\_\_\_\_\_\_\_\_\_\_\_

a. **investment information & credit analysis**  b. Investment indication & credit rating analysis

c. instruments information & central rate agency d. None of the above

6. CARE was promoted in which year \_\_\_\_\_\_\_\_\_\_\_\_

a. 1940 b. 1996 c**. 1993**  d. 1995

7. CARE provides rating services to \_\_\_\_\_\_\_\_\_\_\_\_\_

a. debentures b. Commercial paper c. Certificate of deposits d. **All of these**

8**.** The popular symbol employed by DCR is \_\_\_\_\_\_\_\_\_\_\_\_\_

a. **D1, D2, D3** b. R1 R2 R3 c. C1 C2 C3 d. DC1 DC2 DC3

9. Industrial finance corporation of India was set up in \_\_\_\_\_\_\_\_\_\_

**a. 16th jan 1991** b. 2nd jan 1991 c. 26th jan 1991 d. 17th jan 1991

10. The majority shareholder in CRISIL is \_\_\_\_\_\_\_\_\_\_\_\_

a**. standard and poor**  b. Fitch ratings inc c. Moody’s d. Dun and Bradstreet

11. The headquarters of CARE is in \_\_\_\_\_\_\_\_\_\_

a**. Mumbai** b. New Delhi c. Noida d. Guru gram

12. Which of the following regulates credit rating agencies in india ?

a. RBI b. NSE c. **SEBI** d. ICAI

13. Which of the following is not a credit rating agency.

a. **CRISIL** b. ICRA c. DCR d. None of these

14. How many credit rating agencies are there in India\_\_\_\_\_\_\_\_\_\_\_

a. four b. Six c. **Five** d. Eight

15. The main objectives of CRISIL is to assist both individual and intuitional investors in making investment decision.

a. to make corporate to raise large amount. B. To enable intermediaries in facing their debt instruments

c. to enable corporate to raise large amount. D. **All of the above**

16. Which agency uses the conventional rating symbols used in the USA widely accepted in many other countries\_\_\_\_\_\_\_\_\_\_\_\_

a. CARE b. DCR c. **CRISIL** d. ONICRA

17. Full form of CARE\_\_\_\_\_\_\_\_\_\_\_

a. **credit analysis and research** b. Central analysis and resolution

 c. Credit agency and research d. none of the above

18. The mutual fund ranking service for the domestic mutual fund market was introduced in the year \_

a. 2021-2022 b. 2006-2007 c. **2000-2001** d. 1999-2000

19. The name of the company was changed from the credit rating information service of india ltd to CRISIL ltd in

a. **2003-2004** b. 2000-2001 c.2001-2002 d. 2005-2006

20. The services offered by CARE are \_\_\_\_\_\_\_\_\_

a. credit rating b. Quit research c. Information service d. Al**l of the above.**

21. Which is a full service credit rating agency exclusively set up for micro, small and medium enterprises.

a. **SMERA** b. ICRA c. ONICRA d. CRISIL

22. What is all the credit rating agencies approved for the acceptance of public deposits by TIFC.

a. ICRA ltd b. Credit analysis and research limited

c. The credit rating information service of India ltd. D. **All of the above**

23.ICRA CRISIL and standard and poors (s& p ) are \_\_\_\_\_\_\_\_\_\_\_\_

a. financial institutions b. NGOS c. NBFCS d. **Credit rating agencies**

24. SMERA is also em-panelled as an approved rating agency by \_\_\_\_\_\_\_\_\_\_\_\_

a. SIDBI b. NABARD c. **NSIC** d. All of the above

25. IDBI IFCI , ICICI ,etc are promoted by \_\_\_\_\_\_\_\_\_\_\_\_\_

a. private VCs b. **VCFS of specialize financial institution** c. RBI d. All of the above

26. SIDBI was set up as a subsidiary of \_\_\_\_\_\_\_\_\_\_\_\_\_\_

a**. IDBI** b. IFCI c. ICICI d. SFC

27. Credit rating agency SMERA accredited by \_\_\_\_\_\_\_\_\_\_\_\_

a. SEBI b. SIDBI c. NABARD d. **RBI**

28. The credit rating concept originated in \_\_\_\_\_\_\_\_\_\_\_

a. **USA** b. Germany c. Canada d. Japan

29. \_\_\_\_\_\_\_\_\_\_ moody’s investors agencies started rating railroad giving more thrust to the concept.

a. 1910 b.**1909**  c. 1920 d. 1950

30. Credit rating information services of india limited was set up in \_\_\_\_\_\_\_\_

a. 1950 b. 1987 c. 2015 d. **1987**

**31.** Credit rating agency of india was promoted in \_\_\_\_\_\_\_\_\_\_\_\_\_

a. **1991** b. 1995 c. 1998 d. 2016

32. Credit rating is a source of low cost information to \_\_\_\_\_\_\_\_\_\_\_\_

a. debtors b. Bankers c. Creditors d. **Investors**

**33.** Credit rating is a source of \_\_\_\_\_\_ to investors.

a. **low cost information**  b. Investment decisions c. High cost information d. Both B & C

34. \_\_\_\_\_\_\_\_\_\_\_ is only guidance to the investors and not a recommendation to a particular debt instrument.

a. **Credit rating**  b. Debt rating c. Company d. Both b & c

35. \_\_\_\_\_\_\_\_\_\_ provides additional information to the issuers of debt / financial instruments.

a. RBI b. Credit rating agency c. Investors d. All of the above

36. \_\_\_\_\_\_\_\_\_\_\_\_ does not create a fiduciary relationship between the rating agency

a. debt rating b**. Credit rating** c. investment decision d. both a & c

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a. RBI b. **credit rating agency**  c. Investors d. all of the above

38. The foreign collaborators always ask to \_\_\_\_\_\_\_\_\_\_while negotiating while an Indian company.

a. share price b **credit rating**  c. rate of return d. all of the above

39. Credit rating is beneficial to \_\_\_\_\_\_\_\_\_\_

a. subscribers b. Regulators c. issuers d . **all of the above**

40. Three credit rating agencies have been approved by\_\_\_\_\_\_\_\_\_\_

a. CIBIL b. SMERA c**. RBI d**. ICRA

40. \_\_\_\_\_\_\_\_\_\_hen try venom poor started publishing financial statistics of railroad companies.

a. 1960 **b. 1860** c. 1950 d. 1930

41. The environment that prevailed in \_\_\_\_\_\_\_\_\_when first rating were assigned, prevails in many developing countries today

 **a. America** b japans c Australian d France

42. Mutual funds are regulated in the country by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. IRDA b. Association of mutual funds of India

 c. NABARD **d. securities and exchange board of India**

43. Which among the following is NOTA correct statement?

a. hedge funds are not mutual funds  **b. Hedge funds can be sold to public**

c. investors in mutual funds must pay various fees and expenses

 d. mutual funds provide economics of scale to investment decisions

44. Liquid funds are the funds that invest in securities with a maturity period of upto \_\_\_\_\_\_\_days.

a. 364 days b. 90 days c. 120 days **d. 91 days**

45. NAV in mutual funds stands for?

a. newly acquired value **b. net asset value**  c .net asset visibility d. net amount valuation

46. UTI mutual fund was set up in the year\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**a. 1963** b. 1986 c. 14956 d. 1947

47. who establishes the mutual fund in the India

a. SEBI b. asset management company **c. sponsor**  d. share holder

48. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities

a. government securities **b. mutual funds** c. derivatives

d. shares

49. \_\_\_\_\_\_\_\_\_\_\_\_schemes not exposed to sudden and large movements of funds

a. fixed maturity plan b. open-ended funds **c. close-ended funds** d. interval fund

50. Dividend income received from mutual in the hands of unit holders

**a. fully taxable** b. fully exempt c. partly except d. partly taxable

51. Which of the following is not a limitation of mutual funds?

a. no guarantee of return b. fees and expenses c. poor performance **d . professional management**

52. \_\_\_\_\_\_\_\_\_\_\_\_is a trust that pools the saving of a number of investors who share common financial goals.

a. shares **b. mutual funds** c. derivatives d. government securities

53. what are the reasons for economics of scale to the benefit of mutual funds?

a. large volumes of trade **b. portfolio diversification** c. risk reduction d. loss

54. the funds in which units can be purchased only during the initial offer period are called

a. open-ended funds **b. close ended funds** c . interval funds d . fixed maturity plan

55. \_\_\_\_\_\_\_\_\_\_ended fund are highly liquid

a. close **b. open** c. old d . new

56. \_\_\_\_\_\_\_\_\_\_\_\_\_is a facility provided by banks to investors in new fund offers (NFOs) of mutual funds.

**a. ASBA** B. CASBA C. MASBA D . NASA

57 . Transaction cost is \_\_\_\_\_\_\_with investment in mutual funds

a. high **b. low** c. very high d. nil

58. A mutual fund is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_intermediary (like a trust) regulated in india by the SEBI

**a. financial** b. professional c. physical d. mental

59. \_\_\_\_\_\_\_\_\_\_are an important link between fund managers and investors

a. trustees b. assest management company c. custodian **d. registrar and transfer agents**

60 . Which payment mode is not applicable while purchasing mutual fund scheme?

a. cheque b. demand draft **c. cash** d .pay order

61. Day to day operations of a mutual fund is handled by\_\_\_\_\_\_\_\_\_

**a. asset management company**  b. sponsor c. trustee d. shareholders

**UNIT-4**

What is the maximum debt period permited under factoring--------.

**(a) 150days** (b)120 days (c) 90 days (d) 60 days

2. What is the maximum grace period under factoring--------------.

(a) 150 days (b) 120 days (c) 90 days **(d) 60 days**

3. which out the following in not a service provided by factor in factoring-----------.

(a) management of receivable **(b) production of goods** (c) collection of debt (d) mataining the sales ledger

4. The type of factoring in which the factor recovers the amound advanced from client in case of non payment by customer-------------.

(a) bill discounting (b) non resource factoring **(c) resource factoring** (d) bill collection

5. Which of the following clearly defines the factoring business-----------.

(a) it is a type of debtor finance in which a business sells it account receivable

(b) The receivable are sold to the third part at the discount.

(c) it is commonly reffered to as accounts receivable factoring, invoice factoring

**(d) All of above**

6. Which of the following civilization is considered to the orgin of factoring------.

(a) Indus valley civilization **(b) mesopotamian cultlure** (c) incas civilization (d) aztecs civilization

7. For which of the following business factoring services are most commonly used------.

(a) haulage business (b) healthcare industry (c) real estate (**d) all of the above**

8. parties involced in the factoriing are---------.

(a) **buyer,seller,factor** (b) buyer, seller, factor, banks (c) none of these (d) both a and b

9. ----------type of factor becomes entitled to recovver rules from the amount paid in advance if the customer.

(a) without resource factoring (b) domestic factoring **(c) with resource factoring** (d) limit factoring

10. Book debts can be financied by----------.

(a) factoring (b) forfeiting (**c) both a and b** (d) none of these

11. The process of managing the sales ledger of a client by a financial service company is called-------

(a) forfeiting (b) leasing **(c) factoring** (d) securitzation of debt

12. Trasde debt have to be assigned in favour of the financing company under-----

(a) discounting (b) forfaiting **(c) factoring** (d) all of these

13. Under factoring the factor actos in the capacity of-------

**(a) an agent of his client** (b) a trustee (c) a holer for value (a) an administator

14. The first bank of in india to start factoring business is------

(a) canara bank **(b) SBI**  (c) punjab national bank (d) allhabad bank

15. Disclosed factoring is also known as------

(a) resouce factoring **(b) non-resource factoring** (c) agency-factoring (d) notified factoring

16. Maturity factoring is also knownas----

**(a) collection factoring** (b) disclosed factoring (c) agency factoring (d) notified factoring

17. The process of selling trade debt of a client to a financial intermediaty is called------

(**a) factoring** (b) forfaiting (c) discounting (d) all of the above

18. if a factor provides finance after disclosing the fact of assignment of debts to the debtors is concered it is called-----------.

**(a) bulk factoring** (b) maturing factoring (c) agency factoring (d) notified factoring

19. Factoring does not requires any registration of charge with the register of companies

**(a) true**  (b) false c.

20. Factoring is method of raising-------- finance through account receivable credit offered by commercial banks and factor

(a) long term (b) medium term **(c) short term**  (d) all of these

21. Invoice facgtoring is known as------------.

**(a) undisclosed factoring** (b) limited factoring (c) international factoring (d) with resource factoring

22. Full service factoring is known as-------------.

(a) resource factoring **(b) without resource factoring** (c) bulk factoring (d) maturity factoring

23. ---- is an invoice based export finance techinque

**(a) international factoring** (b) disclosed factoring (c) agency factoring (d) notified factoring

24. ---------types of international factoring

(a)1 (b)2 (c) 3 **(d) 4**

25. what are the types of factoring--------.

**(a) 7** (b)5 (C) 2 (D) 4

26. The idea of providing factoring service was first of in india by-------.

(a) tandem committee (b) malhotro committee **(c) vaghul committee** (d) none of these

27. Finance is not available in the factoring services---------.

(a) without resource factoring **(b) with resource factoring** (c) maturity facgtoring (d) both a and b

28. Sales ledger administration is available in the following facgtoring services--------.

(a) without resource factoring (b) bulk factoring **(c) maturity factoring** (d) limit factoring

29. Credit protection is available in-----------.

**(a) without resouces factoring** (b) bulk factoring (c) international factoring (d) limit factoring

30. For managing receibvale of Rs. 20 lakhs and converting them in to cash, which option mlay be adopted-----

(a) forfeiting **(b) factoring** (c) discounting (d) securitisation

31. In forfaiting the forfaitor makes payment of------% of export value

(a) 70% (b) 80% (c) 90% **(d) 100%**

32. In India forfaiting is done by------- bank

(a) foreign bank (b) RBI (c) commercial bank **(d) EXIM bank**

ANS: D

33. Forfaiting in Inida was approved by the union government only in-----

(a) Jan 1996 **(b) jan 1994** (c) july 1996 (d) july 1994

34. Most forfaiting transactions will have a maturity ranging between----days and ----years the payment period foreign buyers of U.

(a) 182 days, 7 years (b) 170 days,8 years **(c) 180 days, 7 years** (d) 150 days, 8 years

35. -------- Iiterally means “realinquish rights of something”

(a) securitisation (b) factoring **(c) forfaiting** (d) credit rating

36. Forfaiting is always done without any recourse to the client.

**(a)true** (b) false

37. How is forfaiting works-----------.

(a) contact of forfaitor (b) present transaction details to forfaitors

(c) sign comitement letter with forfaitor **(d) all of the above**

38. A central theme of forfaiting is the purchasing of------- by a financial service company

(a) trade bill **(b) export bill** (c) import bill (d) all of the above

39. Forfaiting is deals with medium to ------term account receiveables.

(a) short term (b) medium term **(c) long term** (d) none of these

40. Forfaiting the ---- are on capital goods

(a**) sales of receivable** (b) purchase of receivable (c) sales return (d) none of the above

41. Forfaiting may involve dealing in ------market.

(a) money market **(b) secondary market** (c) primary market (d) all of the above

42. Which of the is not neccesarily a party to a forfaiting transaction

(a) exporter (b) importer (c) forfaiter **(d) broker**

43. The minimum value of fortaiting transaction is-----------.

(a) 1 lakhs (b) 2 lakhs (c) 4 lakhs **(d) 5 lakhs**

44. Forfaitng enables the exporter to avoid the following risk---------.

(a) interest-rate risk (b) currency risk (c) credit risk and political risk (**d) all of the above**

45. Forfaiting provides finance against the expert receivables to an exporter

(a) with rsesources to the exportor **(b) without resources to the exportor**

(C)both a and b (d) either one

46. Forfaiting is------.

(a**) an intermediary between an exporter and importor** (b)an exporter

(c)an importer (d) bank

47. Forfaiting involves dealing in negotiable insrument

**(a) true** (b) false

48.The terms forfaiting is originated from a old -------- word “forfait”.

**(a) french** (b) lathin (c) greeke (d) english

48. -------------is nothing but international factoring

(a) factoring **(b) forfaiting** (c) discounting (d) all of the above

49. forfaiting is always done without any rescource to the client

**(a) True** (b) false (C) agree (d) dis agree

50.discounting is a bill match broader than factoring

(a) true **(b) false** (c)agree (D) disagree

51. Factoring business is alos known as by which of the following names

(a) accounts receivable factoring (b) assest based lending (c) invoice factoring **(d) all of the above**

52.The factor generally makes prepayment of--------% of invoice value after acceptance of bill of exchange

(a) 40% (b) 50% (c) 60% **(d) 80%**

53. Factoring is always used as a tool for -----------financing.

**(a) short term financing** (c) medium term fiancing (c) long term financing (d) all of the above

54.forfaiting is employed in the-------business only

**(a) export business** (b) inport business (c) domestic business (d) none of these

55. This gacility is available only to reputed credit worthy buyers and hence is also called seleced--------

**(a) buyer based factoring** (b) seller based factoring (C) international factoring (d) agency factoring

56. This type of factoring is very confidential in nature and hence it is called --------------

**(a) confidential invoice facoring** (b) bulk factoring (c) maturity factoring (d)with resource factoring

57. Under the single factor system, the import factor takes up all work connected with the international financial dealing himself.

(a) true **(b) false** (c) disagree (d) agree

58. Factoring is a form of financing----------.

(a) payable **(b) receivable** (c)borrowings (d) debts

59. Factoring is also becoming popular in ---------

(a) North America (b) Asia (c) Singapore **(d) all of above**

60. The cost of forfaiting finance is always at a --------------rate of interest

**(a) fixed** (b) flexible (c)both a and b (d) none of the above

**UNIT -5**

1. An instrument which derives its value from an asset backing it is called----------------
2. Financial market **b. derivative** c. securitization d. economic risk
3. -------------- contracts are not at all standardized.
4. Future b. options **c. forward** d. SWAP
5. The trader who promises to buy in a forward contract is said to be in ------------.
6. Short position b. financial future c. political risk **d. long position.**
7. In an option contracts the seller refered to as a ---------------.
8. **Writer** b. holder c. future date d. fixed date
9. Under financial position derivatives ----------------- are in the nature of long term agreement.
10. Options **b. SWAP** c. future d. forward
11. A SWAP in which currencies are exchanged is called---------------.
12. **Gross currency SWAP** b. secondary market c. commodity service d. none
13. The trader who promise to ell in a future contract is said to be in--------------.
14. Long position **b. short position** c. economic risk d. interest risk
15. Parties enter into this kind of contract on the basis of he custom and hence it is also called---------.
16. Forward contract b. future contract **c. customized contract** d. currency option
17. The extension of the forwards to the interest market is an impotantant innovation type of contract is called------------.
18. **Forward rate agreement** b. down payment c. secondary market d. settlement
19. The continuous losses and if the intional margin falls below a minimum level called-------
20. Forward contract b. commodity future c. finanacial future d. **maintenance margin**.
21. The contracting parties have to deposit a certain percentage of the contract price is --------

a.**marginmoney** b.money market c.financial market d. none of these

12. In an option can be exercised at ay time between the writing of the contract it is called---------

1. Double option b. **American option** c. put options d. European option

13. ------------- contract are completely standardized.

a. forward b. option c. **future contract** d.SWAP.

14. Share option transaction are mostly-----------.

a. **index based** b. exercise price c. option market d. option premium

15. --------------- are nothing but long date forward rate contract.

a. forward b. **SWAP** c. future contract none

16. A commodity future is a futures contract in commodities like ---------------.

a. agriculture products b. metals c. minerals **d. all of the above**

17. The stock index futures contract is a future contract on major ------- index.

a. financial market b**. stock market** c. money market d. monetary market.

18. On the other hand there are also privately arranged options which can be trader----------.

a. down payment b. settlement c. **over the counter** d. none

19. The consideration for this contract is a sum of money called----------------.

a. **premium** b. call option c. double option d. put option

20. A SWAP in which one stream of floating interest rate is exchanged for another stream of floating interest rate is called--------------.

a. gross- currency b. **basis SWAP** c. multi- currency d. none

21. The complex nature of the financial structuring itself involves the utilization of -------------- transactions.

a. forward b. derivative c. gross currency **d. multi currency**.

22. They can ensure that the above risks are hedged by using derivatives like---------------.

a. forward b. futures c. option **d. all of the above**

**23.** The derivative instrument is derived from something may be a-------------.

a. a **stock trade** b. future trade c. index based d. instrument.

24. How many kinds of financial derivatives?

a. 3 b.**4** c.2 d.5

25. Futures may also be broadly divided into two types of namely------------.

a. **Commodity and financial futures** b. forward and backward futures c. secondary market d. none of the above

26. Financial derivatives are mainly used for:-----------.

a. speculative activities b. creating more risk c. **hedging risks** d. earning income

27. The instrument that are marked to the market are:--------------.

a. forward b**. futures** c. SWAP d. option

28. IN an option contract it the option can be exercised only at the time of maturity it is called-------------

a. double option b. American option c. put option d**. European option**

29. The predetermined price at which an understanding asset has to be brought of sold in an option contract is called-----------------.

a. option price b**. exercise price** c. spot price d. future price

30. A combination of forwards by two counter parties with opposite but matching needs is called---------.

a**. SWAP** b. option c. forward d. future

31.The process by which a financial intermediary liquity its illiquid assets through systematic issuance of financial instruments is called-----------------.

a. **securitization**  b. liquidation c. internalization d. centralization

32. Securitization is mainly associated with the assets of ------------------ companies.

a. Economy b**. Financial** c. capital d. service

33. The lending finanacial institution which decides to go in for securitization clled--------------

a. Factroing b. accounting c**. originator** d. financing

34.-------------------- instruments are issued by a subsidery company against the trade debt of its p[aren’t company.

a. share cxapital b**. preference stock certificates** c. commercial paper d. line of credit

35. In india, secuitisation has been pioneered by---------------

a. Commercial paper b. co- operative bank c.Government securities **d. citibank**

36.The concept of securitization is associated with---------------------

a. capital market b. money market **c. debt market**  d. none

37. In the case of securitization the trade debts and receivables are mostly I the nature of----------------.

a. short term b. medium term c. long term **d. both medium & long term**

**38.**  Under securitization selected pool of assets are passed through for converting them into securities to another institution called----------------.

a. originator **b. special purpose vehicle** c. credit rating company d. servicing agent

39. Which one of the following is a short term debt instrument----------------.

a**. preferred stock certificate** b. pass through certificate c. asset based commercial paper d. principal only certificate

40. The asset generally not suitable for securitization is----------------------.

a. Receivables from government department b**. trade receivables** c. hire purchase d. none

41. Securitization can be used as a tool to improve the balance sheet by bringing out necessary changes in the ------------------- norms.

a. **capital adequacy** b. servicing agent c. originator d. financial adequacy

42. Securitization is mainly associated with the assets of -------------------.

a. servicing b**. financial companies** c. mortgage companies d. capital

43. The primary mortgages involve-------------------.

a. Three institutions b. **single investor** c. multiple investor d. multiple institutions.

44. The ownership of mortaged property will be transferred to financial institution if the----------------.

a. **borrower defaults** b. borrower does not default c. borrower want less rate d. borrower want profit

45. The type of security backed by mortgage cash flows and are packed by financial instruments is classified as-----------------.

a. cash mortgage b**. securitized mortgage** c. financial mortgage d. instrument mortgage

46. The loan which is made available for business or individuals to buy land home or other property is classified as --------------------.

a. secondary loan b. primary loan c. mortgage d. swapped mortgages.

47. Which of the following is a long term source of finance?

a. commercial paper b. **external commercial borrowings** c. factoring d. line of credit

48. Which of the following are called gilt edged securities?

a. Shares of public limited companies b. stock of mutual funds c. **Govt, securities** d. shares pvt. Ltd companies.

49. The certificate which evidences an unsecured corportate debt of short term maturity is known as -------.

a. certificate of deposit b. short term loan certificate c. treasury bill  **d. commercial paper**

50. When the borrower took loans against the fixed deposit from the bank is comes under which types of security?

a. mortage security b. pledge security **c. lien security** d. hypothecation

51. Shares and securities which can be held in electronic format constitute the -----------------.

a. fixed account b**. Demat account** c. saving account d. recurring account

52. The going concern concept is the underlying as basis for ------------------.

a. **Disclosing the market value of securities** b. consolidating the account of subsidiary companies

c. Depreciating fixed assets over their useful lives. D. None of these

53. Indentify the advantage of factoring---------------.

a**. It helps improve the scope operating leverage**. B. it helps improve the SSI

c. difficulties arising from the financial evolution of clients. D. none

54. Which of the following is the instrument of payment called plastic money?

i. debit card ii. Credit card iii. Banker’s cheque

**a. only (i) and (ii)** b. only (i) and (iii) c. (i) (ii) (iii) d. only (ii) and (iii)

55. Book debts can be financing by------------------.

a. factoring b. forfeiting **c. Both A & B** d. none

56. Parties involved in the factoring are -------------.

a. Buyer , seller b. **Buyer ,seller, factor** c. buyer , seller, factor, banks d. none

57. The process of managing the sales ledger of a client by a financial service company is called----------------.

a. Forfeiting b. leasing **c. factoring** d. securitization of debit.

58. Factoring is a form of financing--------------------.

a. payable b**. receivables** c. borrowings d. debts

59. The primary goal of the financial management is -----------------.

a. to maximize the return b. to minimize the risk c**. to maximize the wealth of owners** d. none

60. Financial management is mainly concerned with -----------------.

a**. All aspects of auquring and utilizing financial resources** b. arrangement of funds c. efficient management of every business. D. profit maximization.