



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Master of Business Administration

Course Name – Financial Markets and Services

Course Code - FM304

(Semester III)

Time : 1 Hr.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) IDBI serves as the ----- institution for term finance to industries
 - a) APEX
 - b) CAT
 - c) IIT
 - d) None of these
- (2) Which one of the following is not a role of the financial intermediaries?
 - a) Brokerage
 - b) Collection and parceling (size transformation)
 - c) Maturity transformation
 - d) Setting exchange rates
- (3) All India financial Institutions are
 - a) IDBI
 - b) ICICI
 - c) IFCI
 - d) All of these
- (4) The portion of total deposits of a commercial bank which it has to keep with RBI in the form of cash reserves is termed as
 - a) CRR
 - b) SLR
 - c) Bank Rate
 - d) Repo Rate
- (5) Annual report on currency and finance is published by
 - a) SIDBI
 - b) RBI
 - c) Ministry of finance
 - d) None of these
- (6) Suspicious Transactions Reports (STRs) is submitted to
 - a) RBI
 - b) Banking Department, Ministry of Finance
 - c) FIU-IND
 - d) Central Bureau of Investigation (CBI)
- (7) Relationship of banker with payee of draft
 - a) Trustee and Beneficiary
 - b) Drawees and Drawee

- c) Licensor and Licensee
 d) Principle and Agent
- (8) SEBI is
 a) Regulatory Authority
 b) Statutory Authority
 c) Both Regulatory Authority and Statutory Authority
 d) None of these
- (9) M Narasimham headed
 a) The working group constituted by the Government of India in July 1975 for the establishment of Regional Rural Banks
 b) The committee on the financial system 1991
 c) The committee on Banking Sector Reforms 1997
 d) All of these
- (10) The short term money market comprise
 a) The call money market
 b) The inter bank deposit market
 c) The bills re-discounting market
 d) All of these
- (11) RBI notifies CRR under ----- Act.
 a) Section 24 of the Banking Regulation Act
 b) Section 42 of the Banking Regulation Act
 c) Section 24 of the RBI Act
 d) Section 42 of the RBI Act
- (12) In capital markets, major suppliers of trading instruments are
 a) government and corporations
 b) liquid corporations
 c) instrumental corporations
 d) manufacturing corporation
- (13) Saving banks, insurance companies, mutual funds and commercial banks are all examples of
 a) non-financial institutions
 b) derivative institutions
 c) financial institutions
 d) payable institutions
- (14) Type of institutions that write securities, engage in brokerage and security trading are considered as
 a) trading institutions
 b) activity institutions
 c) investment banks
 d) mortgage banks
- (15) Stocks or shares that are sold to investors without transacting through financial institutions are classified as
 a) direct transfer
 b) in direct transfer
 c) Initial transfer
 d) None of these
- (16) Type of financial security which have linked payoff to another issued security is classified as
 a) derivative security
 b) payable security
 c) linked security
 d) None of these
- (17) Type of market in which securities with less than one year maturity are traded, is classified as
 a) money market
 b) capital market
 c) transaction market
 d) global market
- (18) In primary markets, first time issued shares to be publicly traded, in stock markets is considered as
 a) IPO
 b) IOP
 c) BPO
 d) None of these

- (19) Which of the following is not a regulatory institution in India Financial System?
a) RBI
b) SEBI
c) CIBIL
d) IRDA
- (20) Who is the Governing Body for the new pension scheme?
a) SEBI
b) RBI
c) FMC
d) PFRDA
- (21) On which of the following banks the Reserve Bank of India depends?
a) Co-operative Banks
b) Regional Rural Banks
c) Commercial Banks
d) Development Banks
- (22) The rate at which RBI lends to banks under the Liquidity Adjustment Facility (LAF) is called
a) Repo Rate
b) Reverse Repo Rate
c) Bank Rate
d) Cash Reserve Ratio
- (23) The minimum maturity period in foreign currency non-resident (FCNR-B) scheme is
a) 1 Year
b) 3 Years
c) 5 Years
d) 10 Years
- (24) As per the RBI's clean note policy writing on a currency note is
a) An offense
b) A crime
c) A punishable offence
d) The notes becomes non-legal tender
- (25) The term ----- refers financial investment in a highly risky and growth oriented venture with the objective of earning a high rate of return
a) Venture capital
b) Merchant banking
c) Leasing
d) none of these
- (26) V C F s of specialized financial institution promoted by -----
a) Central government
b) RBI
c) state government
d) None of these
- (27) IDBI, IFCI, ICICI etc. are promoted by -----
a) V C F s of specialized financial institution
b) V C F s of commercial bank
c) Private V C F s
d) None of these
- (28) ----- capital is needed for product development and initial marketing
a) seed capital
b) Startup capital
c) first round financing
d) None of these
- (29) ----- provided at a stage when product has been launched in the market but has not earned enough profits to meet future capital needs
a) first round financing
b) Second round financing
c) Startup capital
d) None of these
- (30) ----- is known as Mezzanine capital.
a) Development financing
b) Expansion financing
c) Replacement finance
d) none of these
- (31) ----- is an interest free loan provided by VCFs without any predetermined re payment schedule
a) Conventional loan
b) Conditional loan
c) Income notes
d) None of these

- a) large
c) small
- b) medium
d) none of these
- (46) Underwriting is a guarantee for marketability of _____.
a) bonds
c) shares
b) debentures
d) none of these
- (47) Zero interest bonds are sold at _____.
a) face value
c) discount value
b) par value
d) all of these
- (48) The industrial securities market in India consists of new issue market and _____.
a) secondary market
c) capital market
b) money market
d) stock exchange
- (49) Merchant banks deal with funds raised through _____ and capital market.
a) financial market
c) primary market
b) secondary market
d) money market
- (50) IFCI has a merchant banking division with head office at _____ and bureau _____.
a) Chennai, Delhi
c) Delhi, Mumbai
b) Delhi, Chennai
d) Chennai, Delhi
- (51) The process of managing the sales ledger of a client by a financial service company is called
a) Factoring
c) Bill discounting
b) Forfaiting
d) None of these
- (52) Under factoring the factor acts in the capacity of
a) an agent of his client
c) a holder for value
b) a trustee
d) An administrator
- (53) Full service factoring is often
a) Recourse factoring
c) Agency factoring
b) Non-recourse factoring
d) None of these
- (54) Which of the following is a type of international factoring?
a) Two factor system
c) Direct export factor system
b) Single factor system
d) All of these
- (55) If the residual value of a leased asset is guaranteed by a third party...
a) It is treated by the lessee as no residual value
c) The net investment to be recovered by the lessor is reduced
b) The third party is also liable for any lease payments not paid by the lessee
d) It is treated by the lessee as an additional payment and by the lessor as realized at the end of the lease term.
- (56) When the lessee is allowed to exchange equipment leased out whenever the original asset has to be sent to the lessor for some repair or maintenance, such type of lease is called...
a) Wrap lease
c) Swap lease
b) Import lease
d) Leveraged lease
- (57) In hire purchase depreciation can be claimed by the...
a) Hirer
b) Vendor

- c) Financier
d) All of these
- (58) In hire purchase, till the payment of last installment, amount paid by hirer is treated as...
- a) Interest
b) Rent
c) Cash price
d) All of these
- (59) _____ lease is for a short period.
- a) Leverage
b) Operating
c) Finance
d) Cross Boarder
- (60) In _____ lease, maintenance expenses and taxes are born by the lessee.
- a) Finance
b) Operating
c) Both Finance and Operating
d) None Finance and Operating