



BRAINWARE UNIVERSITY

Term End Examination 2020 - 21

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Financial Markets, Institutions and Financial Services

Course Code - BCM504

Semester / Year - Semester V

Time allotted : 85 Minutes

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 70=70

1. (Answer any Seventy)

(i) Which one is not the part of Migration to new capital adequacy framework based on the three pillar approach namely?

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|--------------------------------|-----------------------|
| a) Minimum capital requirement | b) Supervisory review |
| c) Market discipline | d) Book keeping |

(ii) Italian money lenders were known as Banechi or Banacheri because

- | | |
|---|--------------------------|
| a) They had a lot of money | b) They had a money bank |
| c) They kept a special type of table to transact their business | d) All of these |

(iii) Banks can avail refinance against loans made to industrial units from

- | | |
|----------|-----------|
| a) DICGC | b) NABARD |
| c) ECGC | d) IDBI |

(iv) The first Public bank was

- | | |
|--------|-------------------|
| a) SBI | b) Rural Bank |
| c) PNB | d) Bank of Venice |

(v) Match the following List I List II (a) Khusro Committee I. To lock into customer services in banks in India (b) Goporia Committee II. To review the agriculture (c) Ghosh Committee III. To examine the adequacy of institutional

credits and other related aspects (d) Nayak Committee IV. To enquire into the various aspects of frauds and malpractices in the banks

- | | |
|---|--|
| a) Khusro Committee- To review the agriculture Goporia Committee-To enquire into the various aspects of frauds and malpractices in the banks Ghosh Committee -To lock into customer services in banks in India Nayak Committee-To examine the adequacy of institutional credits and other related aspects | b) Khusro Committee-To examine the adequacy of institutional credits and other related aspects Goporia Committee -To lock into customer services in banks in India Ghosh Committee -o enquire into the various aspects of frauds and malpractices in the banks Nayak Committee -To review the agriculture |
| c) Khusro Committee -To review the agriculture Goporia Committee-To lock into customer services in banks in India Ghosh Committee-To enquire into the various aspects of frauds and malpractices in the banks Nayak Committee -To examine the adequacy of institutional credits and other related aspects | d) Khusro Committee -To enquire into the various aspects of frauds and malpractices in the banks Goporia Committee- To review the agriculture Ghosh Committee -To lock into customer services in banks in India Nayak Committee-To examine the adequacy of institutional credits and other related aspects |

(vi) In primary markets, first time issued shares to be publicly traded, in stock markets is considered as

- | | |
|----------------------|----------------------------|
| a) traded offering | b) public markets |
| c) issuance offering | d) initial public offering |

(vii) Type of financial security which have linked payoff to another issued security is classified as

- | | |
|---------------------|-------------------------|
| a) linked security | b) derivative security |
| c) payable security | d) non-issuing security |

(viii) In primary markets, property of shares which made it easy to sell newly issued security is considered as

- | | |
|------------------------|------------------------|
| a) increased liquidity | b) decreased liquidity |
| c) money flow | d) large funds |

(ix) Example of derivative securities include

- a) swap contract
- b) option contract
- c) futures contract
- d) all of these

(x) 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

(xi) Type of risk in which payments are interrupted by intervention of foreign governments is considered as

- a) channel risk
- b) globalization risk
- c) state risk
- d) country risk

(xii) Risk stating assets are sold at low prices because of sudden surge in withdrawals of liabilities is classified as

- a) payment risk
- b) liquidity risk
- c) income risk
- d) balance risk

(xiii) Imperial Bank of India was nationalised in _____.

- a) 1949
- b) 1955
- c) 1959
- d) 1969

(xiv) ??????????????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 .

(xv) Functions of financial services exclude ??????????????????????????????.

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

(xvi) In India Merchant banking along with management of public issues and loan syndication covering activities like- 1.Project counseling 2.Portfolio management 3.Investment counseling 4.Mergers and amalgamation of the corporate firms 5.Securities and exchange

- | | |
|--|---|
| a) Project counseling,Portfolio management,Mergers and amalgamation of the corporate firms & Securities and exchange | b) Project counseling,Portfolio management,Investment counseling & Securities and exchange |
| c) .Project counseling,Portfolio management,Investment counseling & Mergers and amalgamation of the corporate firms | d) Portfolio management,Investment counseling,Mergers and amalgamation of the corporate firms & Securities and exchange |

(xvii) Financial service companies exclude _____.

- | | |
|------------------------|--------------------------|
| a) Commercial banks | b) Insurance companies |
| c) Sole proprietorship | d) Crepitating agencies. |

(xviii) Insurance refers to

- | | |
|-----------------------------------|-------------------------|
| a) A Contract | b) Coverage by contract |
| c) Financial risk management tool | d) All of these |

(xix) IRDAI Act was passed in:

- | | |
|---------|---------|
| a) 1988 | b) 1991 |
| c) 1999 | d) 2000 |

(xx) State level financial institutions are: 1. IFCI 2. SFCs 3. SIDCs 4. IRBI 5. SIICs

- | | |
|------------------------|-----------------------|
| a) IFCI,SFCs &IRBI | b) SFCs,SIDCs & SIICs |
| c) IFCI, SIDCs & SIICs | d) IFCI, IRBI & SIICs |

(xxi) _____ is basically a savings and investment corporation

- | | |
|--------|---------|
| a) UTI | b) IDBI |
|--------|---------|

c) SBI

d) RBI

(xxii) 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 these

(xxiii) Private placement covers-

a) Shares

b) Preference shares

c) Debenture

d) All of these

(xxiv) The four categories of merchant bankers issued by SEBI 1.first category to an issue I.who act as an advisor or consultant 2.secondary category underwriter, advisor II.those authorized to act as an 3.third category capacity of co-manager III.those authorized to act in the 4.forth category management IV.who carry on activity of issue

a) 1.first category to an issue - I.who act as an advisor or consultant 2.secondary category underwriter, advisor - II.those authorized to act as an 3.third category capacity of co-manager -III.those authorized to act in the 4.forth category management-IV.who carry on activity of issue

b) 1.first category to an issue - IV.who carry on activity of issue 2.secondary category underwriter, advisor -III.those authorized to act in the 3.third category capacity of co-manager -II.those authorized to act as an 4.forth category management-I.who act as an advisor or consultant

c) 1.first category to an issue -III.those authorized to act in the 2.secondary category underwriter, advisor - I.who act as an advisor or consultant 3.third category capacity of co-manager - IV.who carry on activity of issue 4.forth category management-I.who act as an advisor or

d) none of these

(xxv) Non-Banking Financial Company (NBFC) engaged in the business of .

a) loans and advances

b) acquisition of shares

- c) acquisition of stocks
- d) All of these

(xxvi) ____ is a road towards a high growth economy.

- a) Venture capital
- b) Merchant banking
- c) Leasing
- d) None of these

(xxvii) V C Fs of specialized financial institution promoted by .

- a) Central government
- b) RBI
- c) state government
- d) None of these.

(xxviii) Off shore VCFs are promoted by & financial institution.

- a) Foreign banks
- b) Private banks
- c) State banks
- d) None of these.

(xxix) ____ is needed for developing a product in the initial stages.

- a) Seed capital
- b) Startup capital
- c) Second round financing
- d) None of these

(xxx) ____ capital is needed for product development and initial marketing.

- a) seed capital
- b) Startup capital
- c) first round financing
- d) None of these.

(xxxii) ?????????? is known as Mezzanine capital.

- a) Development financing
- b) Expansion financing
- c) Replacement finance
- d) none of these

(xxxiii) ?????????? refers to transfer of management control.

- a) Bridging
- b) Buyout
- c) Buyin
- d) None of these

(xxxiii) The purpose of valuation is to assess the profitability & ?????????????????????? of the venture.

- a) Accessibility
- b) Marketability
- c) Viability
- d) None of these

(xxxiv) In ?????????????????? method the starting time & exit time of the venture investment is only considered

- a) Conventional valuation method
- b) First chieago method
- c) revenue multiplier method
- d) None of these

(xxxv) .???????????????????? is an interest free loan provided by VCFs without any predetermined repayment schedule

- a) Conventional loan
- b) Conditional loan
- c) Income notes
- d) None of these

(xxxvi) ?????????????????? is a combination of conventional and conditional loans.

- a) Income notes
- b) Debt instrument
- c) Debt instrument
- d) None of these

(xxxvii) In ?????????????????? nurturing the VCFs play only a passive role in the affairs of the venture

- a) Hands on
- b) Hands off
- c) Hands holding
- d) none of these

(xxxviii) ?????????????????? is a forced exit option results from a failed venture investment

- a) Public issue
- b) Liquidation
- c) OTCEI route
- d) None of these

(xxxix) ?????????????????????? of the venture capital fund created by government and operated through IDBI

- a) TDICI
- b) KSIDC
- c) ICICI ventures
- d) None of these

(xl) Which of the following Indian Banks is not a nationalised Bank ?

- a) Corporation Bank
- b) Dena Bank
- c) Federal Bank
- d) Vijaya Bank

(xli) Which one of the following agencies in the Indian Capital market has authority to regulate the Mutual fund markets in India ?

- a) IRDA
- b) SEBI
- c) RBI
- d) IBPS

(xlii) Which body in India does the regulation of Insurance Sector ?

- a) DFHI
- b) CII
- c) SEBI
- d) IRDA

(xliii) What is 'NIKKEI' ?

- a) Share Price Index of Tokyo Share Market
- b) Name of Japanese Central Bank
- c) Japanese name of country's planning commission
- d) Foreign exchange market of Japan

(xliv) For regulation of insurance trade in the country the Government has formed :

- a) SEBI
- b) RBI
- c) IRDA
- d) GIC

(xlv) In the context of Indian economy, 'Open Market Operations' refers to :

- a) borrowing by scheduled banks from the RBI
- b) lending by commercial banks to industry and trade
- c) purchase and sale of government securities by the RBI
- d) None of these

(xlvi) Tarapore committee submitted its report on 'Full Convertibility on Rupee' in :

- a) Current account
- b) Capital account
- c) Both Current account & Capital account
- d) Special drawing Rights (SDR)

(xlvii) What does S and P 500 relate to ?

- a) Supercomputer
- b) A new technique in e-business
- c) A new technique in bridge building
- d) An index of stocks of large

(xlviii) The _____ is nothing but the intrinsic value of each unit of a mutual fund.

- a) Net asset value
- b) Net accumulated value
- c) Net associated value
- d) None of these

(xlix) The small investor's gateway to enter into big companies is _____.

- a) Share market
- b) Public deposits
- c) Mutual funds
- d) All of these

(l) Unit is associated with _____.

- a) Share market
- b) Mutual funds
- c) Public deposits
- d) None of these

(li) Unit trust of India was started in _____.

- a) 1966
- b) 1964
- c) 1968
- d) 1963

(lii) Income fund is suitable for _____.

- a) Salaried
- b) Students
- c) Retired
- d) Unemployed

(lii) Which of the following are functions of a financial system? 1. The operation of a payments system. 2. Providing the means of portfolio adjustment. 3. Helping to reduce unemployment. 4. Channelling funds between lenders and borrowers. 5. Helping speculators to bet on price movements.

- | | |
|---|---|
| a) The operation of a payments system ,Providing the means of portfolio adjustment & Channelling funds between lenders and borrowers. | b) Providing the means of portfolio adjustment to Helping speculators to bet on price movements. |
| c) The operation of a payments system & Helping speculators to bet on price movements. | d) Providing the means of portfolio adjustment, Helping to reduce unemployment & Helping speculators to bet on price movements. |

(liv) Which of the following are characteristic of a financial intermediary? 1. It introduces borrowers to lenders. 2. It has assets which exceed liabilities. 3. It increases liquidity for lenders. 4. It reduces transaction costs for borrowers and lenders. 5. It makes excess profit

- | | |
|---|--|
| a) It introduces borrowers to lenders only | b) It increases liquidity for lenders & It reduces transaction costs for borrowers and lenders |
| c) It has assets which exceed liabilities & It increases liquidity for lenders. | d) It introduces borrowers to lenders, It reduces transaction costs for borrowers and lenders & It makes excess profit |

(lv) Which of the following are deposit-taking institutions (DTIs)? 1. Building societies. 2. Insurance companies. 3. Investment trust companies. 4. Retail banks. 5. Pension funds.

- | | |
|---------------------------------------|---|
| a) Building societies only | b) Insurance companies - Retail banks. |
| c) Building societies & Retail banks. | d) Building societies & nsurance companies. |

(lvi) The amount payable less its cash price is equal to _____

- | | |
|-----------------|-------------------|
| a) Depreciation | b) Interest |
| c) Market Price | d) Purchase Price |

(lvii) Under Hire Purchase system the amount of interest is charged to _____ account

- a) Asset
- b) Purchaser
- c) Profit and loss
- d) Seller

(lviii) Which of the following is not included in the hire purchase agreement?

- a) Interest Rate
- b) Instalment amount
- c) Method of depreciation
- d) Number of instalment

(lix) In case of hire purchase interest is included in----

- a) Down payment
- b) Hire purchase price
- c) Cash price
- d) None of these

(lx) Which of the following statement is correct?

- a) In hire purchase system depreciation is calculated on cash price of the asset purchased.
- b) In hire purchased system depreciation is calculated on contract price.
- c) In hire purchased system depreciation is calculated on market price.
- d) None of these

(lxi) Under the lease agreement, the lessee gets the right to

- a) Share profits earned by the lessor
- b) Participate in the management of the organisation
- c) Use the asset for a specified period
- d) Sell the assets

(lxii) Public deposits are the deposits that are raised directly from

- a) All of these
- b) The directors
- c) The public
- d) None of these

(lxiii) Under the factoring arrangement, the factor

- a) Produces and distributes the goods or
- b) Makes the payment on behalf of the

services

client

c) Collects the client's debt or account receivables

d) Transfer the goods from one place to another

(lxiv) _____ lease is a lease where the lessee maintains and insures the leased asset rather than the lessor in a full-service lease.

a) A financial

b) An operating

c) A net

d) None of these answers are correct.

(lxv) _____ lease refers to a short-term lease that is often cancelable. For example, a lease for office space represents this type of lease where the lease life is less than the useful life of the asset.

a) A financial

b) An operating

c) A net

d) None of these answers are correct.

(lxvi) Which of the following statements is most correct as it relates to the recording of a capital lease?

a) The capital lease is shown on the lessee's balance sheet as an asset and amortized over the asset's useful life.

b) The capital lease is listed as an asset on the lessor's balance sheet and amortized over lease term.

c) A capital lease is listed as an asset on the lessee's balance sheet and must be amortized over the lease period.

d) A capital lease is listed as an asset on the lessee's balance sheet and must be amortized over the asset's useful life.

(lxvii) _____ lease is a long-term lease that is not cancelable and its life often matches the useful life of the asset.

a) A financial

b) An operating

c) A net

d) None of these

(lxviii) Credit Rating Agency, SMERA accredited by _____

a) SEBI

b) RBI

c) NABARD

d) SIDBI

(lxix) IDBI serves as the ----- institution for term finance to industries.

a) APEX

b) CAT

c) IIT

d) NONE OF THESE

(lxx) Credit rating is an _____ appraisal.

a) One time

b) Out going

c) On going

d) None of these