



## BRAINWARE UNIVERSITY

### Term End Examination 2020 - 21

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

Course Name – Merchant Banking

Course Code - BCM505B

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) 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 these                 |

(ii) 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 these              |

(iii) 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, the corporate firms & Securities and exchange |
| c) Project counseling, Portfolio management, Investment counseling & Mergers and amalgamation of the corporate         | d) Portfolio management, Investment counseling, Mergers and amalgamation of the corporate firms & Securities and  |

firms

exchange

(iv) Banks implement the RBI's \_\_\_\_\_ policies.

- a) Monetary
- b) Credit
- c) Commercial
- d) Both Monetary & Credit

(v) 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

(vi) 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 these

(vii) Private placement covers-

- a) Shares
- b) Preference shares
- c) Debentures
- d) All of these

(viii) Formal merchant banking activity in India was originated in \_\_\_\_\_.

- a) 1978
- b) 1969
- c) 1769
- d) 1987

(ix) \_\_\_\_\_ is regarded as the fourth element of the financial system.

- a) Financial services
- b) Financial markets
- c) Financial instruments
- d) Financial institutions

(x) Equity funding is preferable especially when the project is \_\_\_\_\_.

- a) Fund intensive
- b) Finance intensive
- c) Capital intensive
- d) Application intensive

(xi) \_\_\_\_\_ is basically a savings and investment corporation.

- a) IDBI
- b) UTI
- c) SBI
- d) RBI

(xii) ?????????????????? covers the entire range of services provided by a merchant banker.

- a) Project counseling
- b) Corporate counseling
- c) Credit syndication
- d) Market makers

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

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

(xiv) The Securities and Exchange Board of India was established in \_\_\_\_\_

- a) 1992
- b) 1993
- c) 1994
- d) 2002

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

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

(xvi) Category 1 merchant bankers can act as

- a) Only as advisor
- b) Underwriter
- c) Consultant
- d) All issue management functions

(xvii) In the call/notice money market the following participants are allowed to trade:

- a) all corporates
- b) all banks, Primary Dealers and Mutual funds
- c) only banks
- d) None of these

(xviii) 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 these

(xix) The Banking Codes and Standards Board of India was registered on 18 February, 2006 under:

- a) RBI Act
- b) Banking Regulation Act
- c) the Societies Registration Act, 1860
- d) None

(xx) Credit information reports can be accessed by:

- a) by any bank
- b) only those members who have provided all their data to CIBIL
- c) by any Indian citizen
- d) None

(xxi) Which of the following would increase the net asset value of a mutual fund share, assuming all other things remain unchanged?

- a) An increase in the number of fund shares outstanding
- b) An increase in the fund's accounts payable
- c) A change in the fund's management
- d) An increase in the value of one of the fund's stocks

(xxii) If any listed company or any person who is registered as an intermediary fails to redress the grievances of investors in ....., they shall be liable to a penalty

- a) 5 Months
- b) Six months
- c) One month
- d) Time specified by the Board

(xxiii) A ..... is an issue of shares or of convertible securities by a company to a select group of persons

- a) Private placement
- b) Bonus issue
- c) Preferential shares
- d) Premium Share

(xxiv) Objectives of financial services: 1. Fund raising 2. Funds deployment 3. Specialized services 4. Regulation 5. Economic growth

- |   |   |
|---|---|
| a) Fund raising , Funds deployment, Regulation & Economic growth                      | b) Funds deployment, Specialized services, Regulation & Economic growth |
| c) Fund raising, Funds deployment, Specialized services, Regulation & Economic growth | d) Fund raising, Specialized services, Regulation & Economic growth     |

(xxv) Tier I capital of a bank consists of its:

- |                           |   |
|---------------------------|---|
| a) paid-up equity capital | b) issued and fully paid ordinary shares/common stock and perpetual non-cumulative preference shares and disclosed reserves |
| c) authorized capital     | d) None of these  |

(xxvi) Which of the following characteristics apply to unit investment trusts? I) Most are invested in fixed-income portfolios. II) They are actively managed portfolios. III) The sponsor pools securities, then sells public shares in the trust. IV) The portfolio is fixed for the life of the fund

- |  |   |
|--|---|
| a) Most are invested in fixed-income portfolios & The portfolio is fixed for the life of the fund  | b) Most are invested in fixed-income portfolios & They are actively managed portfolios.   |
| c) Most are invested in fixed-income portfolios, The sponsor pools securities, then sells public shares in the trust & The portfolio is fixed for the life of the fund | d) Most are invested in fixed-income portfolios,They are actively managed portfolios & The sponsor pools securities, then sells public shares in the trust. |

(xxvii) Chief characteristics of financial services: 1. Intangibility 2. Customer orientation 3. Inseparability 4. Dynamism

- |   |   |
|---|---|
| a) Intangibility, Customer orientation & Inseparability | b) Customer orientation, Inseparability & Dynamism                |
| c) Intangibility, Inseparability & Dynamism             | d) Intangibility, Customer orientation, Inseparability & Dynamism |

(xxviii) At issue, offering prices of open-end funds will often be

- a) less than NAV due to loads and commissions
- b) greater than NAV due to loads and commissions
- c) less than NAV due to limited demand
- d) greater than NAV due to excess demand

(xxix) In case of an FPO, the promoters' minimum contribution should be

- a) not less than 20% of the post issue capital
- b) to the extent of 20 % of the proposed issue size
- c) not less than 20% of the proposed issue size
- d) None of these

(xxx) CIBIL as a credit bureau caters to:

- a) consumer segments
- b) commercial segments
- c) Both commercial and consumer segments
- d) None of these

(xxxii) Of the following types of mutual funds, an investor that wishes to invest in a diversified portfolio of foreign stocks (excluding the U.S.) should choose

- a) International funds.
- b) global funds
- c) regional funds
- d) emerging market funds

(xxxii) In case of an IPO, the entire pre-issue capital of an Unlisted Company subject to certain exceptions is locked in for

- a) 1 year from date of allotment
- b) 1 year from commencement of commercial production
- c) 3 years from commencement of commercial production
- d) years from date of allotment

(xxxiii) An unlisted company intending to be listed should have at least ..... % of its net tangible assets held in monetary assets

- a) 40
- b) 50

c) 60

d) 25

(xxxiv) Investors in closed-end funds who wish to liquidate their positions must

- a) sell their shares through a broker
- b) sell their shares to the issuer at a discount to Net Asset Value
- c) sell their shares to the issuer at a premium to Net Asset Value.
- d) sell their shares to the issuer for Net Asset Value

(xxxv) Corporate restructure not involve

- a) Splitting main business in to 2-3 small business unit
- b) Treatment of poor performance of company
- c) Acquiring new business
- d) Restructure of company law

(xxxvi) Drastic option in which company sells all its inventory and assets.

- a) Merger
- b) Acquisition
- c) Liquidation
- d) Divestment

(xxxvii) The main problem of merger and consolidation is

- a) Credit policy
- b) Cash management
- c) Dividend policy
- d) All of these

(xxxviii) For an IPO, ..... is appointed

- a) Investment banker
- b) Merchant banker
- c) Government Banker
- d) Public Bankers

(xxxix) The following one is a kind of fee based activity of a financial intermediary.

- a) hire purchase financing
- b) leasing
- c) capital issue management
- d) underwriting

(xl) \_\_\_\_\_ to the issue canvass subscription and undertake publicity.

- a) Banker
- b) Brokers
- c) Creditors
- d) All of these

(xli) Merchant banks deal with funds raised through \_\_\_\_\_ and capital market.

- a) financial market
- b) primary market
- c) secondary market
- d) money market

(xlii) Closed end funds are frequently issued at a \_\_\_\_\_ to NAV and subsequently trade at a \_\_\_\_\_ to NAV.

- a) . discount, discount
- b) discount, premium
- c) premium, premium
- d) premium, discount

(xliii) Underwriting is a guarantee for marketability of \_\_\_\_\_.

- a) shares
- b) bonds
- c) debentures
- d) none of these

(xliv) Which of the following is not a fee?based financial service?

- a) Corporate counseling
- b) Profit management
- c) Lease financing
- d) Issue management

(xlv) Zero interest bonds are sold at \_\_\_\_\_.

- a) par value
- b) face value
- c) discount value
- d) all of these

(xlvi) \_\_\_\_\_ has powers to grant approval to byelaws of stock exchanges.

- a) SBI
- b) SEBI
- c) RBI
- d) Finance Minister

(xlvii) AMFI controls



- a) Mutual funds
- b) Life insurance business
- c) General insurance
- d) Share market

(xlviii) Credit rating concept originated in \_\_\_\_\_.

- a) USA
- b) UK
- c) Japan
- d) India

(xlix) ??????????????????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

(l) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regulations shall apply to the listed entity who has listed

- a) Specified securities listed on SME Exchange
- b) Indian depository receipts
- c) Non-convertible debt securities
- d) All of these

(li) Securities Delivered Statement: This statement provides information on \_\_\_\_\_?

- a) . delivering center
- b) total number of shares to deliver for each security
- c) quantity delivered and quantity of shares delivered short
- d) All of these

(lii) Which of the following do not issue securities in the primary market?

- a) FIIs
- b) State Governments
- c) Companies
- d) None of these

(liii) A preliminary prospectus is known as a

- a) golden parachute
- b) red herring

- c) blue sky
- d) Green shoe.

(liv) What does SENSEX stands for?

- a) Sensor index
- b) Sensitive index
- c) Sensitive exchange
- d) Sensitive Stocks

(lv) ?????????????? 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.

(lvi) SFC's provides guarantee to Loans raised in

- a) capital market
- b) Loans raised from scheduled banks
- c) Loans raised from state co-operative banks
- d) All of these

(lvii) ..... is when an unlisted company makes either a fresh issue of securities or an offer for sale of its existing securities to the public

- a) Initial Public Issue
- b) Rights issue
- c) Further public issue
- d) None of these

(lviii) Which type of fund invests in debt securities with very short maturities?

- a) Bond fund
- b) Certified fund
- c) Growth fund
- d) Money market mutual fund

(lix) The type of factoring under which the factor collects back from the seller the amount paid by him in case of non-payment of the bills on the due date is called

- a) Non-recourse factoring
- b) Recourse factoring
- c) Bills discounting
- d) Bills purchased

(lx) The type of arrangement under which a bank pays the seller the value of the bill and later collects it from the buyer on the due date is called:

- a) Bill discounting
- b) Factoring
- c) Forfeiting
- d) None of these

(lxi) Underwriting of shares by a financial intermediary is a kind of \_\_\_\_\_ activity.

- a) fund based
- b) cash based
- c) time based
- d) All of these

(lxii) \_\_\_\_\_ bonds are sold at a large discount to their nominal value.

- a) Deep discount
- b) Discount
- c) Profit
- d) None of these

(lxiii) ?????????????? is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it.

- a) Venture capital
- b) Lease finance
- c) Merchant banker
- d) hire purchaser

(lxiv) Placement of shares is the suitable method where \_\_\_\_\_ companies issue shares.

- a) large
- b) medium
- c) small
- d) None

(lxv) The industrial securities market in India consists of new issue market and \_\_\_\_\_.

- a) secondary market
- b) money market
- c) capital market
- d) stock exchange

(lxvi) The best suited fund to the business people is

- a) Income Fund
- b) Balanced Funds

c) Growth Fund

d) Taxation Funds

(lxvii) The small investor's gateway to enter into big companies is \_\_\_\_\_.

a) Share market Public

b) Public deposits

c) Mutual funds

d) All of these

(lxviii) Merchant banking has been categorized as-

a) Portfolio management

b) Capital structuring

c) Project counseling

d) All of these

(lxix) Which is not a way of financing a merger

a) Exchange of shares

b) Tender offer

c) Leveraged buy out

d) None of these

(lxx) The overall budget covering the whole enterprise is known as

a) master budget

b) transaction budget

c) management

d) budget