

DEPARTMENT OF B.COM BANKING AND INSURANCE

16UB1624-FINANCIAL MARKETS AND INSTITUTIONS

K1 – LEVEL

MULTIPLE CHOICE QUESTIONS

UNIT I

1. The following one is a kind of fee based activity of a financial intermediary.
hire purchase financing
leasing
capital issue management
underwriting
2. Find the odd man out
commercial paper
share certificate
certificate of deposit
treasury bill.
3. The process of managing the sales ledger of a client by a financial service company is called _____.
forfeiting
factoring
leasing
securitization of debt
4. The inflation free instrument is _____.
option bond
index linked gilt bond
variable rate debenture
deep discount bond
5. Non-banking companies should compulsorily get credit rating for their _____.
capital market instruments
money market instruments

debt market instruments

none of these

6. The important goal of the financial service industry is to mobilise and allocate _____.

saving

sales

purchase

all of the above

7. Term lending institutions are _____ market intermediaries.

cash

credit

capital

sales

8. To regulate the securities market and to protect the investor's interest _____ has been created by the Government of India.

SEBI

RRB

RBI

SBI

9. Underwriting of shares by a financial intermediary is a kind of _____ activity.

cash based

time based

fund based

all of these.

10. _____ bonds are sold at a large discount to their nominal value.

Deep discount

Discount

Profit

None of these

11. _____ syndication is a kind of consortium advance.

Profit

Sales

Loan

Capital

12. A forward contract is a derivative of a _____.

spot contract

financial contract

particular time contract

none of these

13. _____ to the issue canvass subscription and undertake publicity.

Banker

Brokers

Creditors

All of these.

14. Loan syndication refers to getting _____ for projects from consortium.

term loan

jewel loan

house loan

none of these.

15. The minimum net worth for the first category of merchant banker is Rs. _____ .

1crore

2crore

3crore

5crore

16. The direct sale of security to investors is called _____.

self group

government placement

private placement

none of these.

17. Merchant banks deal with funds raised through _____ and capital market.

financial market

primary market

secondary market

money market

18. A merchant banker can claim a charge _____ percentage as the commission for the whole issue.

5

2

3

0.5

19. The lead merchant banker under category shall accept a minimum underwriting of _____ percentage.

5

20

88

100

20. Indian Companies Act _____.

1956

2000

1954

1958

UNIT II

21. New Issues Market deals with _____ securities.

old

new

forfeited

none of these

22. Public issues involves no _____.

intermediaries

exchange

share holder

underwriter

23. To be appointed as Registrar, registration with _____ is essential.

SBI

SEBI

RRB

RBI

24. Rights shares are offered to _____ shareholders.

preference

equity

existing

none of these

25. Placement is the suitable method where _____ companies issue shares.

large

medium

small

none of these

26. _____ encompasses all institutions dealing in fresh issues.

New issue market

Secondary market

Money market

Capital market

27. Underwriting is a guarantee for marketability of _____.

bonds

debentures

shares

none of these

28. Zero interest bonds are sold at _____.

face value

par value

discount value

all of these

29. The industrial securities market in India consists of new issue market and _____.

secondary market

money market

capital market

stock exchange

30. IPO stands for _____.

Initial Preference Offering

Initial Private Offering

Initial Price Organisation

Initial Public Offering

31. _____ transactions are facilitated by badliwallas .

Carry inward

Carry outward

Carry forward

None of these

32. _____ is a market for dealing in unlisted securities.

Secondary market

Money market

Capital market

Grey market

33. A person appointed by a stock broker to assist him in the business of securities trading is called _____.

sub broker

commission broker

authorised clerk

tarawaniwala

34. An order for the purchase of securities at a fixed price is known as _____.

limit order

open order

discretionary order

stop loss order

35. Speculators who neither buy nor sell securities in the market, but still trade on them are called _____.

wolves

stages

lame ducks

bears

36. The process of holding the entire supply of a particular security with a view to dictating terms is called _____.

wash sales

arbitrage

rigging the market

cornering

37. Under depository system, the allotment and credit of sales to the beneficiary amount should be completed within how many days from the date of closure of an issue.

15 days

7 days

21 days

30 days

38. Listing on the regional _____ is compulsory.

stock exchange

money market

capital market

grey market

39. _____ is a professional independent broker who deals in securities on his own behalf.

Agent

Trustee

Jobber

Underwriter

40. The minimum public offering for subscription must be at least _____ % of each issue.

80

50

43

25

UNIT III

41. Minimum number of shares per application has been fixed at _____ shares.

50

250

500

1000

42. Normally debentures above _____ years cannot be issued.

six

ten

one

seven

43. The total underwriting obligation of an underwriter should not exceed _____ of his net worth.

20 times

50 times

70 times

100 times

44. _____ has powers to grant approval to byelaws of stock exchanges.

SBI

SEBI

RRB

RBI

45. Registration of brokers is made _____.

compulsory

optional

no need

none of these

46. A new issue company which has not completed 12 months commercial production has to issue shares only _____.

face value

par value

discount value

all of these

47. _____ protection is the major responsibility of SEBI.

Broker

Agent

Investor

Trustee

48. The securities and exchange board of India was set up on April 12, _____.

1950

1975

1988

2000

49. The amount of _____ capital debentures should not exceed 20% of the gross assets.

working capital

preference capital

equity capital

none of these

50. The responsibility of vetting the _____ is passed on to merchant bankers in 1995.

public issue

right issue

new issue

private issue

51. The best suited fund to the business people is:

Income Fund

Balanced Funds

Growth Fund

Taxation Funds

52. The facility offered to investors to shift from one scheme to another scheme under the same fund is called _____ facility.

Roll over

Re purchase

Re issue

Lateral shifting

53. Mutual funds are very popular in _____.

USA

UK

Japan

India

54. AMFI stands for _____

Assets management fund of India

Association for mutual fund of India

Asset mutual fund of India

Association for management of India

55. AMFI was started in _____.

1985

1995

1998

1999

56. AMFI controls

Mutual funds

Life insurance business

General insurance

Share market

57. The pattern of investment of a mutual fund is oriented towards fixed income yielding securities under _____.

Growth fund scheme

Income fund scheme

Balanced fund scheme

Money market fund scheme

58. In India the company which actually deals with the corpus of the mutual fund is called _____.

Sponser company

Trustee company

Asset management company

- Mutual fund company
59. The corpus of the fund and its duration are prefixed under _____ funds.
Close ended
Open ended
Growth
Balanced
60. _____ fund invests in highly liquid securities like commercial paper.
Growth fund scheme
Income fund scheme
Balanced fund scheme
Money market fund scheme

UNIT IV

61. The company which sets up a mutual fund is called _____.
Sponsor company
Asset management company
Mutual fund company
Trustee company
62. The _____ is nothing but the intrinsic value of each unit of a mutual fund.
Net asset value
Net accumulated value
Net associated value
None of the above
63. The small investor's gateway to enter into big companies is _____.
Share market
Public deposits
Mutual funds
All the above
64. Small drops of water make a big ocean applies to _____.
Share market
Public deposits
Mutual funds
All the above
65. Unit is associated with _____.
Share market
Public deposits
Mutual funds
All the above
66. Unit trust of India was started in _____.
1966
1968
1964
1963
67. Growth fund is suitable for _____ people.
Retired
Salaried
Unemployed
Students
68. Income fund is suitable for _____.
Retired

Salaried
Unemployed
Students

69. Income cum growth fund is also called _____.
Growth fund scheme
Income fund scheme
Balanced fund scheme
Money market fund scheme
70. US 1964 of Unit Trust of India is an example for _____.
Close ended
Open ended
Growth
Balanced
71. Ratings are expressed in _____.
Numbers
Alphabets
Code numbers
Images
72. AAA refers to _____.
High security
Highest security
Moderate security
Low security
73. Rating is only a guidance and not _____ to a debt instrument
Recommendation
Report
Reference
Remembrance
74. Ratings indicate the _____ status of a company.
Credit
Financial
Investment
Debt
75. Credit rating is an _____ appraisal.
One time
All time
On going
Outgoing
76. CRISIL was started in _____.
1998
1988
1978
1968
77. ICRA was started in _____.
1990
1991
1992
1993
78. CARE was started in _____.
1990

1991

1992

1993

79. SEBI guide lines for credit rating was issued in _____.

1999

1988

1978

1968

80. Credit rating concept originated in _____.

USA

UK

Japan

India

UNIT V

81. IFCI was started in _____.

1938

1948

1958

1968

82. State Financial Corporation Act was passed in _____.

1941

1951

1961

1971

83. There are _____ SFC's.

15

16

17

18

84. IDBI was established in _____.

1954

1944

1964

1974

85. IDBI is a wholly owned subsidiary of _____.

LIC

GIC

RBI

SBI

86. _____ is the apex institution in the area of development banking.

GIC

RBI

SBI

IDBI

87. SIDBI was established in _____.

1990

1991

1992

1993

88. SIDBI was established exclusively for _____.
Medium Scale Industries
Small Scale Industries
Large Scale Industries
All the above
89. NABARD was established in _____.
1992
1962
1982
1993
90. NABARD was established exclusively for _____.
Medium Scale Industries
Small Scale Industries
Agriculture and rural development
Urban and backward area development
91. _____ is an apex development bank which provides help for agriculture and rural development.
SIDBI
IDBI
IFCI
NABARD
92. The duration for refinance facility offered by NABARD is _____.
Not more than 7 years
Not more than 8 years
Not more than 10 years
Not more than 5 years
93. NABARD provides medium term credit for a period ranging _____.
15 months to 6 years
18 months to 6 years
18 months to 7 years
10 months to 6 years
94. The maximum loan amount for a single concern given by SFC is _____.
50 lakhs
60 lakhs
10 lakhs
20 lakhs
95. IFCI provides:
Rupee loans
Sub loans in foreign currencies
Underwriting to shares and debentures
All the above
96. IFCI has a merchant banking division with head office at _____ and bureau _____.
Chennai, Delhi
Delhi, Chennai
Delhi, Mumbai
Chennai, Delhi
97. SFC's provides guarantee to
Loans raised in capital market
Loans raised from scheduled banks
Loans raised from state co-operative banks

All the above

98. IDBI's technical assistance fund scheme provides assistance to ____.

Blind and handicapped

Employed Blind and handicapped

Unemployed Blind and handicapped

Self Employed Blind and handicapped

99. TCO stands for ____.

Technical cooperation organization

Technical consultancy organization

Technical company's organization

Technical cooperative organization

100. _____ provides assistance under Textile modernization fund scheme.

SIDBI

RBI

IDBI

SBI

K2 LEVEL

UNIT I

1. What do you mean by financial service?

Financial Services is a term used to refer to the services provided by the finance market. Financial Services is also the term used to describe organizations that deal with the management of money.

2. What are the characteristics of financial services?

The basic characteristics of financial services are that they are intangible in nature. For financial services to be successfully created and marketed, the institutions providing them must have a good image and the confidence of its clients

3. What are examples of financial services?

Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds.

4. What are the nature and scope of finance?

Nature, Significance, and Scope of Financial Management. Financial management is an organic function of any business. Any organization needs finances to obtain physical resources, carry out the production activities and other business operations, pay compensation to the suppliers, etc.

5. What are the Importance of Financial Services

Importance of Financial Services. Presence of financial services enables a country to improve its economic condition. Economic growth is reflected on the people by the higher standard of living. Financial services enable individual to acquire various consumer products through hire purchase, factoring or other means.

6. What are financial products and services?

Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, and investment funds, individual.

7. What is letter of credit with example?

A letter of credit is a document issued by a third party that guarantees payment for goods or services when the seller provides acceptable documentation.

8. What is a Mutual Fund simple definition?

A mutual fund is a kind of investment that uses money from investors to invest in stocks, bonds or other types of investment. A fund manager (or "portfolio manager")

decides how to invest the money, and for this he is paid a fee, which comes from the money in the fund.

9. What is mutual fund and its types?

A mutual fund is a basket of various investments, such as stocks, bonds, and cash. There are three main types of mutual funds: equity funds, fixed-income funds, and money market funds. Each of these types has a different risk level associated with it.

10. What are mutual funds with examples?

Mutual funds may include investments in stocks, bonds, options, futures, currencies, treasuries and money market securities. Depending on the stated objective of the fund, each will vary in regard to content and risk. Funds issue and redeem shares on demand at the fund's NAV, or net asset value.

11. What is Venture Capital?

Venture Capital is money invested in businesses that are small; or exist only as an initiative, but have huge potential to grow.

12. What is factoring and its functions?

Factoring is a financial service in which the business entity sells its bill receivables to a third party at a discount in order to raise funds. It differs from invoice discounting. Factoring involves the selling of all the accounts receivable to an outside agency.

13. What is Indian Companies Act?

Indian Companies Act 1956.

14. What is Reverse Mortgage?

A reverse mortgage is an arrangement whereby a homeowner borrows against his or her home equity and receives regular payments from the lender until the total payments reach a predetermined limit.

15. What do you mean by factoring?

Factoring is a financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount.

A business will sometimes factor its receivable assets to meet its present and immediate cash needs.

16. What do you mean by Forfaiting?

Forfaiting is a means of financing that enables exporters to receive immediate cash by selling their medium and long-term receivables – the amount an importer owes

the exporter – at a discount through an intermediary. A forfeiter is typically a bank or a financial firm that specializes in export financing.

17. What do you mean by custodial service

A custodial service is when an entity or individual holds a client's property or money on their behalf. The custodian is responsible for the safety of the financial products.

18. What do you mean by securitization?

Securitization is the procedure whereby an issuer designs a financial instrument by merging various financial assets and then markets tiers of the repackaged instruments to investors. This process can encompass any type of financial asset and promotes liquidity in the marketplace.

19. What is securitization with example?

Securitization is the process of turning assets into securities. An asset that takes longer to convert to cash and will likely sell for a price lower than market value is called an illiquid asset. For example, a money market account is an account at a bank used to store cash.

20. What do you mean by merchant banking?

A merchant bank is a company that deals mostly in international finance, business loans for companies and underwriting. A merchant bank may perform some of the same services as an investment bank, but it does not provide regular banking services to the general public.

UNIT II

21. What is new issue market?

A new issue is a reference to a security that has been registered, issued, and is being sold on a market to the public for the first time. The term does not necessarily refer to newly issued stocks, although initial public offerings (IPOs) are the most commonly known new issues

22. What is primary or new issue market?

The primary market is a financial market where new securities are issued. A company offers securities to the general public to raise funds and fulfill its long-term goals. It can also be called the New Issue Market (NIM). In these markets, securities are directly issued by the companies to the investors.

23. What is primary market example?

The primary market is where securities are created. It's in this market that firms sell (float) new stocks and bonds to the public for the first time. An initial public offering, or IPO, is an example of a primary market. Investors can then buy the IPO at this price directly from the issuing company.

24. What are primary and secondary markets?

In the primary capital market, investors buy directly from the issuing company. In the secondary market, investors trade securities among themselves. When a company goes public, it sells new stocks and bonds for the first time. Usually, that sale takes the form of an initial public offering.

25. What is new issue market function?

The stock exchanges, thus, exercise considerable control over the organization of new issues. As stated earlier, the main function of new issue market is to facilitate transfer of resources from savers to the users. The savers are individuals, commercial banks, insurance company etc.

26. What is an example of a secondary market?

The secondary market, also called the aftermarket and follow on public offering is the financial market in which previously issued financial instruments such as stock, bonds, options, and futures are bought and sold. After the initial issuance, investors can purchase from other investors in the secondary market

27. What is the other name of primary market?

The Primary Market, also known as a New Issue Market, is where new securities are issued – it is part of the capital market. Corporations, national and local governments, and other public sector institutions can get financing through the sale of new stock or bond issues through the primary market.

28. What are the differences between primary and secondary markets?

The difference between the primary capital market and the secondary capital market is that in the primary market, investors buy securities directly from the company issuing them, while in the secondary market, investors trade securities among themselves, and the company with the security being traded does usually not .

29. What are the functions of secondary market?

The stock market helps to value the securities on the basis of demand and supply factors. The securities of profitable and growth oriented companies are valued higher as there is more demand for such securities. The valuation of securities is useful for investors, government and creditors.

30. What is Underwriting?

Underwriting is the process that a lender or other financial service uses to assess the creditworthiness or risk of a potential customer.

Underwriting also refers to an investment banker's process of packaging and selling a security on behalf of a client.

31. What are the functions of primary market?

The primary market plays the crucial function of facilitating the capital formation within the economy. The securities issued at the primary market can be issued in face value, premium value, and at par value.

32. What are the types of underwriting?

In the firm commitment contract the underwriter guarantees the sale of the issued stock at the agreed-upon price.

In the best efforts contract the underwriter agrees to sell as many shares as possible at the agreed-upon price.

33. Definition of 'Offer for Sale.

Offer for sale (OFS) is a simpler method of share sale through the exchange platform for listed companies. Only promoters or shareholders holding more than 10 per cent of the share capital in a company can come up with such an issue

34. What is public issue in primary market?

Primary market is a market wherein corporate issue new securities for raising funds generally for long term capital requirement. The companies that issue their shares are called issuers and the process of issuing shares to public is known as public issue.

35. What is Right issue?

A rights issue is a way by which a listed company can raise additional capital. However, instead of going to the public, the company gives its existing shareholders the right to subscribe to newly issued shares in proportion to their existing holdings.

36. What is Secured premium notes?

Secured premium notes (SPNs) are financial instruments which are issued with detachable warrants and are redeemable after certain period. SPN is a kind of non-convertible debenture (NCD) attached with warrant. It can be issued by the companies with the lock-in-period of say four to seven years.

37. What is IDRS?

The Integrated Data Retrieval System (IDRS) is a system which enables employees in the Campuses and the Area Offices to have instantaneous visual access to certain taxpayer accounts.

38. What is Shares?

Shares are units of ownership interest in a corporation or financial asset that provide for an equal distribution in any profits, if any are declared, in the form of dividends. The two main types of shares are common shares and preferred shares.

39. What Are Bonds With Warrants?

Bonds are a standard method for corporations and governments to raise money. When an organization issues a bond, it guarantees a preset payment to buyers at a later date and highly rated bonds from financially sound companies are considered an extremely safe investment. Bonds with warrants offer something more, a chance to buy shares in the company at a guaranteed price.

40. What is bond option?

In finance, a bond option is an option to buy or sell a bond at a certain price on or before the option expiry date. These instruments are typically traded OTC. A European bond option is an option to buy or sell a bond at a certain date in future for a predetermined price.

UNIT III

41. What is SEBI explain its function?

The Regulatory functions of SEBI. The main regulatory functions of SEBI revolve around the effective management of the stock market. The various regulatory functions that this organization is entrusted with are Brokers; merchant bankers are intermediaries that operate in the stock market.

42. What is Controller of Capital Issues?

Controller of Capital Issues was the regulatory authority before SEBI came into existence; it derived authority from the Capital Issues (Control) Act, 1947. In April 1988 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India.

43. What are the powers and function of SEBI?

Functions & Powers of SEBI. The function of SEBI is to protect the interests of investors in securities and to promote the development of securities market and to regulate it. The three groups which constitute the market and to whom SEBI is responsive to are: Issuer of Securities

44. What are the objective of SEBI ?

The primary objective of SEBI is to protect the interest of people in the stock market and provide a healthy environment for them. This was the reason why SEBI was formed. Among the main objectives, preventing malpractices is one of them.

45. What is a bonus share issue?

A bonus issue, also known as a scrip issue or a capitalization issue, is an offer of free additional shares to existing shareholders. A company may decide to distribute further shares as an alternative to increasing the dividend pay-out. For example, a company may give one bonus share for every five shares held.

46. What is a debenture?

A debenture is a medium to long-term debt format that is used by large companies to borrow money

47. What is an example of a debenture?

The definition of a debenture is a long-term bond issued by a company, or an unsecured loan that a company issues without a pledge of assets. An interest-bearing bond issued by a power company is an example of a debenture.

48. Who is a Debenture holder?

Debenture holders (investors) are not allowed to vote in the company's general shareholders meetings, but they may have separate meetings or votes, for instance regarding changes to the rights associated with the debentures.

49. What is the difference between shares and debentures?

Share is the capital of the company, but Debenture is the debt of the company. The shares represent ownership of the shareholders in the company. On the other hand, debentures represent indebtedness of the company. The income earned on shares is the dividend, but the income earned on debentures is interest.

50. What are the features of debentures?

The most salient features of Debentures are as follows:

- A debenture acknowledges a debt.
- It is in the form of certificate issued under the seal of the company (called Debenture Deed).
- It has a rate of interest & date of interest payment.
- Debentures can be secured against the assets of the company or may be unsecured.

51. What is credit rating?

A *credit rating* is an evaluation of the *credit* risk of a prospective debtor (an individual, a business, company or a government), predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.

52. Write any two objectives of credit rating.

Credit rating provides a guide to the investors as to the risk of timely payment of interest and principal on a particular debt instrument. Its rating creates awareness of the concept of credit rating amongst corporations, merchant bankers, brokers, regulatory authorities, and helps in creating environment that facilitates the debt rating.

53. Write any two functions of credit rating.

Basis for proper risk return trade off

Healthy discipline on corporate borrowings

54. Write any two benefits of credit rating.

Provides superior information

Low cost information

55. Mention the credit rating agencies in India.

Credit Rating Information Services of India Limited (CRISIL) .

ICRA Limited.

Credit Analysis and Research limited (CARE) .

56. What is CRISIL?

CRISIL (Credit Rating & Information Services (India) Ltd is the first credit rating agency in India.

57. What is ICRA?

ICRA Limited (ICRA) is an Indian independent and professional investment information and credit rating agency. It was established in 1991, and was originally named Investment Information and Credit Rating Agency of India Limited (IICRA India).

58. What is CARE?

Credit Analysis and Research limited .CARE *Ratings* is leading *rating* and grading *agency* for covering many *rating* segments like banks, sub-sovereigns, corporate *credit rating* & IPO gradings.

59. Give the objectives of CRISIL.

The main objective of CRISIL has been to rate debt obligation of Indian companies. Its rating provides a guide to the investors as to the risk of timely payment of interest and principal on a particular debt instrument. Its rating creates awareness of the concept of credit rating amongst corporations, merchant bankers, brokers, regulatory authorities, and helps in creating environment that facilitates the debt rating.

60. Who promoted CRISIL?

CRISIL was promoted by UTI and ICICI along with Asian Development Bank, LIC, GIC.

UNIT IV

61. Give the CRISIL credit rating symbols used for debentures.

AAA – Highest safety
AA – High safety
A- Adequate safety
BBB – Moderate safety
BB – Inadequate safety
B – High risk
C – Substantial risk
D – Default

62. Give the CRISIL credit rating symbols used for fixed deposits.

FAAA – Highest safety
FAA – High safety
FA- Adequate safety
FB – High risk
FC – Substantial risk
FD – Default

63. Give the CRISIL credit rating symbols used for short term instruments.

P1 –Very strong
P2- Strong
P3- Adequate
P4- Minimal
P5-Default

64. Who promoted IICRA?

Industrial Finance Corporation of India along with IFC, UTI, LIC, GIC, SBI and 17 other banks promoted IICRA.

65. What services are offered by CARE?

Credit rating, information service , equity research, rating of paralalled market of LPG and Kerosene are some services offered by CARE.

66. What is a mutual fund?

Mutual fund is established in form of a trust by a sponser, to raise monies by the trustees through the sale of units to the public.

67. What is a close ended fund?

A close ended fund is one where the corpus of the fund and its duration are prefixed.

68. What is an open ended fund?

An open ended fund is one where the size, benefit and period is not pre determined.

69. What is an income fund?

Income fund aims at generating and distributing regular income to the members on a periodical basis.

70. What is a growth fund?

Growth fund concentrates mainly on long run gains i.e capital appreciation.

71. What is a balanced fund?

Balanced fund is also called income cum growth fund. It aims at regular income as well as capital appreciation.

72. What is a specialised fund?

Specialized fund offer special schemes to specified categories of people ex.pensioners.

73. What is a money market mutual fund?

Money market mutual funds invest in commercial papers, bankers acceptance, certificates of deposits.

74. What is a taxation fund?

Taxation fund offers tax rebate to investors mainly suitable for salaried people.

75. What is AMFI?

AMFI - Association for mutual fund of India is the the regulatory body for mutual funds.

76. Mention the risk associated with mutual fund.

Market risks, scheme risks, investment risks, business risks, political risks

77. Who is a sponsor?

Sponsor is an institution which promotes and sets up the mutual fund.

78. What is AMC?

Asset management company AMC is one which that actually deals and manages the mutual funds.

79. What is NAV?

NAV is the market price of each unit of a particular scheme in relation to all the assets of the scheme. It is also called the intrinsic value of each unit.

80. What is benchmarks?

Benchmarks are the independent portfolios that are managed by any fund manager, they represent the behaviour of market returns of selected securities.

UNIT V

81. What is a NBFC?

NBFC is a non banking financial corporation's which deals with

82. What is IFCI?

IFCI is the Industrial finance Corporation of India which provides assistance in form medium and long term credits to industrial concerns.

83. What is SFC?

SFC - State finance Corporation provides medium and long term finance to medium and small industries. There are 18 SFC's in India at present.

84. Give the financial source of SFC.

Share capital, issue of bonds, refinance from IDBI, borrowing from RBI, loans from state Government are the financial source of SFC.

85. What is IDBI?

IDBI - Industrial development bank of India is the apex institution in the area of development banking. It is the principal institution for coordinating the activities of institutions engaged in financing, promoting or developing the industry.

86. Give any two forms of assistance provided by IFCI.

The financial assistance takes form of 1. Rupee loan 2. Sub loans in foreign currency 3. Guaranteeing

87. Give any two forms of assistance provided by SFC.

1. Granting of loans or advances and subscribing to the debentures of industrial concerns, repayable within a period of not exceeding twenty years.

2. Guaranteeing loans raised by industrial concerns in the capital market or from scheduled banks or state co-operative banks

88. Give any two forms of assistance provided by IDBI.

1. Term loans

2. Underwriting and subscription of shares and debentures.

89. What is SIDBI?

SIDBI - Small industries development bank of India is a development bank exclusively for the small scale industries. It is a central government undertaking.

90. Give any two forms of financial assistance provided by SIDBI.

1. Loans assistance to the institutions providing market or marketing avenues to the small enterprises.

2. Loan assistance to ancillary units and also for modernization and upgrading technology.

91. What are the objectives of SIDBI?

To initiate technological up gradation and modernization .

To expand channels for marketing of SSI products.

To promote employment.

92. Give any two functions of SIDBI.

Administration of SIDF and NEF.

Providing working capital through single window scheme.

93. What is NABARD?

NABARD – National bank for Agriculture and rural development is an agency for promoting integrated rural development and to provide all sorts of production and investment credit for agriculture and rural development.

94. Give two objectives of NABARD.

Centre for entire rural credit

Integrated rural development

95. Give the main functions of NABARD.

Credit functions

Regulatory functions

Development functions

96. Give any two credit functions of NABARD.

1. Refinance assistance to state co-operative banks, sectoral rural banks and other financial institutions.

2. Medium term loans for a minimum period of 18 months and a maximum of seven years to state co-operative banks and RBI.

97. Give any two regulatory functions of NABARD.

1. Inspect co-operative banks other than primary co-operative banks and regional rural banks

2. Call for any information or statement from the co-operative banks and RRBs.

98. Give a short note on the development functions of NABARD.

1. The R&D of NABARD helps to promote research in various aspects and problems related to agricultural and rural development.

2. It provides comprehensive training programmes for upgradation of technical skills

99. Mention the resources available to NABARD.

NABARD draws long term funds from government of India, World Bank and raises fund from the market. And short term funds from RBI.

100. What is TAFS?

TAFS is the Technical Assistance Fund Scheme provided by SIDBI under which assistance for EDP programmes and assistance for self employment of blind and handicapped is provided.

K3 LEVEL

UNIT I

1. Explain the importance of financial services?
2. Write a note on portfolio management?
3. Explain the causes for financial innovation.
4. Write a note on (i) Loan Syndication and (ii) Letter of Credit.
5. Distinguish between commercial bank and merchant bank.
6. Write note on (i) mutual fund and (ii) Reserve mortgage.
7. The scope for merchant banking is great 'in India'. Discuss
8. Explain the services of merchant bankers.
9. Explain in detail the 'pre-issue management'.
10. Discuss the problems of merchant bankers in India.

UNIT II

11. Distinguish between new issue market and stock exchange.
12. Explain the public issues.
13. Write note on advantages of underwriting.
14. Explain the offer for sale.
15. Explain the advantages of listing?
16. Explain the function of new issue market.
17. Explain the rights issues.
18. Discuss the role of registrar in the new issue market.
19. Explain how the listed securities are classified.
20. Describe the different methods of placing an order in the secondary market.

UNIT III

21. How does SEBI protect the interest of investors? Explain.
22. Discuss the services of stock exchanges.
23. State the criteria for listing of securities
24. Write a note on functions of SEBI.
25. Write a short note on powers of SEBI
26. Write a short note on the origin of credit rating.
27. What are the functions of credit rating?
28. What are the benefits of credit rating?
29. Discuss about the scenario of credit rating in India.
30. Discuss about the problems in credit rating.

UNIT IV

31. Explain the SEBI guidelines on credit rating.
32. What is a mutual fund? Discuss its features.
33. Discuss any two schemes that can be offered by mutual fund.
34. What are the features of an open ended fund?
35. Distinguish between income fund and growth fund.
36. What is a specialized fund? Explain with example.

37. What are the risk associated with mutual funds?
38. Describe the structure of mutual fund operations in India.
39. What do you mean by roll over facility? When it is available to an investor?
40. What is net asset value? How is it computed?

UNIT V

41. State the functions of SIDBI.
42. Discuss about the forms of assistance provided by IFCI.
43. Elaborate the role of SFC
44. Write a short note on IDBI.
45. Explain any five functions of IDBI.
46. Discuss the objectives of NABARD.
47. What are the functions of NABARD?
48. Explain about the credit functions of NABARD.
49. Write a note on the role of NABARD in agricultural and rural development.
50. Explain the about regulatory functions of NABARD.

K4, K5 LEVEL

UNIT I

1. Describe the scope of financial services in detail.
2. Explain in detail the new financial products and services.
3. Define financial service industry and discuss the various service rendered by it.
4. Briefly explain the challenges faced by the financial services sector.
5. State the functions of merchant banking in detail.

UNIT II

6. Explain the various new financial instruments introduced in new issue market.
7. Discuss about the players available in new issue market with its importance.
8. Examine the recent trends in primary market in India.
9. Explain detailed note on listing.
10. Briefly explain about the stock exchange in India.

UNIT III

11. Explain advantages and drawbacks of listing
12. Explain in detail the SEBI guidelines for primary market.
13. Briefly explain the SEBI guidelines for Rights issue.
14. Explain the methodology followed by CRISIL in credit rating.
15. Discuss the benefits of credit rating to the rated companies.

UNIT IV

16. Define a mutual fund and describe the various schemes that can be offered by it.
17. What rights and facilities are available to an investor of a mutual fund?
18. What factors should be considered before selecting a mutual fund?
19. Discuss the importance of mutual funds.
20. Compare and contrast open ended and close ended mutual funds

UNIT V

21. Describe about the functions and working of IDBI.
22. Explain the role of SIDBI in development of small scale industries.
23. Describe in detail the functions of NABARD.
24. Discuss in detail about IFCI.
25. Discuss about any two NBFC's.
