

FINANCIAL SERVICES

UNIT 1

1. What is the meaning of “financing” in the financial market?
 - a. Advising an organization to raise charity funds
 - b. Investing in the securities market
 - c. Sourcing funds**
 - d. Converting the assets into cash

2. The short term financial instruments traded in money market is commonly called
 - a. Bonds
 - b. Shares
 - c. Notes
 - d. Commercial Papers**

3. Financial intermediation is the process that the financial intermediaries connect _____ and _____ by transferring funds from one side to another
 - a. Banks and account holders
 - b. Borrowers and lenders
 - c. Borrowers and securities firms
 - d. investors and lenders**

4. Saving banks, insurance companies, mutual funds and commercial banks are all examples of
 - i. non-financial institutions
 - ii. derivative institutions
 - iii. financial institutions**
 - iv. payable institutions

5. Financial instruments of public markets include
 - i. transfer funds
 - ii. bearer bonds
 - iii. shares**
 - iv. bonds

6. Which of the following is not a financial instrument?
- i. Treasury bill.
 - ii. Real estate.**
 - iii. Mortgage loan.
 - iv. Federal funds loan.
7. The time until final principal and interest payments are due to holders of a financial instrument is the instrument's time until
- a. Expiration.
 - b. Maturity.**
 - c. Execution.
 - d. Liquidation.
8. Financial instruments with maturities of less than one year are traded in the
- a. equity market
 - b. Capital market.
 - c. Money market.**
 - d. Fixed-income market.
9. Which of the following is a depository financial institution?
- a. A savings bank.
 - b. An investment bank.
 - c. A finance company.
 - d. A pension fund.**
10. Which of the following is not a depository financial institution?
- a. A savings and loan association.**
 - b. A credit union.
 - c. A mutual fund company.
 - d. A commercial bank.
11. Which of the following is an example of financial intermediation?
- a. An Internet company issues stock by selling shares directly to buyers.**
 - b. A woman opening a new business borrows funds from her uncle.
 - c. A professor purchases shares of stock directly from a corporation.
 - d. A bank extends a mortgage loan to a household.

12. Which of the following financial intermediaries specialize in extending credit to small, higher-risk businesses?
- a. **Commercial banks.**
 - b. Savings and loan associations.
 - c. Finance companies.
 - d. Insurance companies
13. The function of a financial system is to
- a. **Establish a link between savers and investors**
 - b. link commercial banks with the Central Bank of a country
 - c. create regulators for influencing the intermediaries
 - d. help traders and moneylenders in the capital market
14. The following one is a financial asset:
- a. Gold
 - b. Silver
 - c. **Share**
 - d. Land
15. Which one of the following is a cash asset?
- a. **Deposit created out of loans**
 - b. Share
 - c. Bond
 - d. Post office certificate.
16. The component of a capital market is:
- a. Treasury bill market
 - b. **Government securities market**
 - c. Commercial bill market
 - d. (a) and (b) together.
17. The money market instrument is:
- a. Bond
 - b. Debenture
 - c. Stock certificate
 - d. **Certificate of deposit.**
18. Government Bond is a
- a. Short-term security
 - b. **Long-term security**

- c. Medium-term security
 - d. Either short-term or long-term security.
19. The most liquid financial market is the ____
- a. **Call money market.**
 - b. Treasury bill market
 - c. Commercial bill market
 - d. (a) and (b) together.
20. A promissory note issued by the Government is called _____
- a. **Treasury Bill**
 - b. Short-term security
 - c. Medium-term security
 - d. Either short-term or long-term security.

UNIT-2

21. Which of the following is /are example of Secondary or indirect financial instrument
- a. Equity shares
 - b. Preference shares
 - c. Post office saving deposit
 - d. Bonds
22. A Non Banking Financial Institution
- a. Can accept demand deposit
 - b. Can issue cheques to customers
 - c. Cannot accept fixed deposit
 - d. Cannot accept demand deposit and cannot issue cheques
23. _____ are financial assets
- a. Bonds.
 - b. Machines
 - c. Stocks.
 - d. A and C.
24. _____ are examples of financial intermediaries
- a. Commercial banks
 - b. Insurance companies
 - c. Investment companies
 - d. All of the above.

25. Financial intermediaries exist because small investors cannot efficiently _____.
- a. Diversify their portfolios
 - b. Gather all relevant information
 - c. Assess credit risk of borrowers
 - d. All of the above**
26. UTI, LIC etc are examples of
- a. Banking institution
 - b. Investment institution
 - c. NBFI**
 - d. Development banks
27. SFC is an example of
- a. Banking institution
 - b. Investment institution
 - c. NBFI
 - d. Development Institution**
28. Which of the following is /are not regulatory institutions
- a. RBI
 - b. SEBI**
 - c. IRDA
 - d. IFCI
29. When was SEBI constituted?
- a. April, 1988**
 - b. March, 1982
 - c. July, 1992
 - d. Dec. 1974
30. _____ includes all activities involved in the transformation of savings into investment.
- a. Financial system

b. Financial service

c. Economic system

d. Saving system

31. Underwriting of shares by a financial intermediary is a kind of ————— activity.

a.Fee based

b.Fund based

c.Both of these

d.None of these

32. ————— services are mainly provided to foreign investors.

a. Custodial services

b. Financial services

c. Factoring services

d. None of these

33. Term lending institutions are ————— market intermediaries

a. **Money market**

b. Bill market

c. Capital market

d. Treasury bill market

34. Which financial body has asked intermediaries and companies to make regulatory payments in digital mode?

a.SEBI

b. RBI

c. NSE

d. BSE

35. _____ represent claims for the payment of a sum of money sometimes in the future and/or a periodic payment in the form of interest or dividend.

- a. physical asset
- b. fixed asset
- c. **financial asset**
- d. none of these

36. SEBI was established in _____.

- a. a. **1988** b. 1985 c. 1991 d. 1990

37. _____ has the statutory powers to regulate and promote the Indian capital market.

- a. Registrar of issue
- b. Merchant banks
- c. **SEBI**
- d. RBI

38. market is a market for old issues.

- a. Money market
- b. Primary market
- c. **Secondary market**
- d. All the above

39. The market for extremely short period loan is called.....

- a. **call money market**

- b. money at short notice
 - c. T-bill market
 - d. G-sec market
40. is a process of admitting securities for trading on a recognised stock exchange
- a. registration
 - b. filing
 - c. **listing**
 - d. admission

UNIT-3

41. A stock market is also called
- a. free market
 - b. open market
 - c. **equity market**
 - d. sports market
42. What is done in the stock market?
- a. **trading**
 - b. singing
 - c. dancing
 - d. rocking
43. Secondary markets in treasury bills require involvement of _____ and _____.
- a. **Brokers, Dealers**
 - b. Buyers, Sellers
 - c. Consumer, Producer
 - d. All of the above
44. Certificate of deposits are known as-

a. Negotiable Certificate of Deposit

b. Certificate of Deposit

c. Commercial certificate

d. None of the above

45. It refers to a mechanism whereby on the one hand barriers manage to obtain short term loanable funds and on the other, succeed in getting credit worthy barriers for their money.

a. Money market

b. Commercial banks

c. Forfeiting

d. Lending

46. . In any market _____ are the most important lenders.

a. Money market

b. Commercial banks

c. State banks

d. Financial institutions

47. The _____ is the apex organization in the Indian money market.

a. SBI

b. RBI

c. ICICI

d. IDBI

48. _____ is a function of stock exchange.

a. Supply of long term funds

b. registration

c. filing

d. admission.

49. BSE established in the year

a. 1875

b. 1975

c. 1865

d. 1965

50. Listing gives ____ signal to selected securities.

- a. Red
- b. Blue
- c. Green**
- d. Yellow

51. ____ is an advantage of listing.

- a. Liquidity**
- b. Safety
- c. Assurance
- d. Guarantee

52. ____ is an advantage of listing.

- a. Leads to speculation**
- b. Safety
- c. Assurance
- d. Guarantee

53. _____ is a objective of SEBI.

- a. Interest of brokers
- b. Protect investors**
- c. Promotion of brokers
- d. Appointment of brokers

54. SEBI has which of the following power

- a. Interest of brokers
- b. Promotion of brokers
- c. Appointment of brokers
- d. To grant approval to bye –laws**

55. Registration of brokers are____

- a. Not necessary
- b. Compulsory**
- c. Optional
- d. None of the above.

56. FII stands for____

- a. Foreign insurance investment
- b. Foreign investment issue

c. **Foreign institutional investors**

d. None of the above

57. Debentures above ____ years cannot be issued

a. 6

b. **7**

c. 8

d. 9

58. Minimum subscription of shares per application has been fixed at ____ shares.

a. 400

b. **500**

c. 600

d. 700

59. Investor protection fund has been set up in ____

a. BSE

b. SEBI

c. RBI

d. **NSE**

60. ____ has all the aspects powers of capital market operations.

a. BSE

b. **SEBI**

c. RBI

d. NSE

MUNIT -4

61. A merchant bank is a financial institution conducting money market activities and:

a. Lending

c. Underwriting and financial advice

b. Investment service d. **All of the above**

62. Formal merchant banking activity in India was originated in _____

a. . a. 1978

b. **1969**

c. 1769

d. 1987

63. In India, merchant-banking activity was originated with the merchant banking division set up by the _____.

a. a. Barclays bank

c. **Grind lays bank**

b. b. Yes bank

d. None of the above

64. State Bank of India started merchant banking in _____ followed by ICICI in _____.
a. a. 1972, 1974 b. 1978, 1980
b. c. **1973, 1974** d. 1980, 1981

65. 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

66. 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**

67. The term 'Merchant Bank' is used in:
a. United States b. **United Kingdom** c. America d. India

68. Banks implement the RBI's _____ policies.
a. Monetary b. Credit c. Commercial d. **Both a and b**

69. _____ is basically a savings and investment corporation.
a. **UTI** b. IDBI c. SBI d. RBI

70. The minimum net worth for the first category of merchant banker is Rs. _____.
a. **2 crore** b. 5 crore c. 1crore d. 10 crore

71. A merchant banker can claim a charge _____% as the commission for the whole issue.
a. **0.5 %**
b. 1%
c. 3%

d.6%

72. 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

73. . _____ was a dealer in bills of exchange who operated with correspondents abroad and speculated on the rate of exchange.

- a. Remitters
- b. Money changers
- c. Merchant banker**
- d. Exchanger

74. Formal merchant banking activity in India was originated in_____.

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

75. 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

76. Project counseling means_____

- a. Preparation of project reports**
- b. Lending
- c. Investment service
- d. All of the above

77. Merchant banks deal with funds raised through ____

- a. Capital market and Money market.**
- b. Capital market
- c. Money market
- d. None of the above

78. management of issue involves marketing of _____
- a. Corporate securities
 - b. Shares
 - c. Debentures
 - d. Bonds
79. Loan syndication refers to _____
- a. Assistance for getting term loans**
 - b. Sources of funds forever
 - c. Expanding industry and trade
 - d. Leaving a widening gap unabridged between supply and demand of investible funds.
80. Common method for public issue is
- a. Mailing
 - b. Invitation
 - c. Prospectus**
 - d. All of the above

UNIT 5

81. _____ fund invests in highly liquid securities like commercial paper.
- a. Equity fund
 - b. Balanced fund
 - c. Income fund
 - d. Money market mutual fund**
82. The company which sets up a mutual fund is called _____
- a. Fund company**
 - b. Sponsor
 - c. Originator
 - d. Obligator
83. The small investors' gateway to enter into big companies is _____
- a. Equity shares

- b. Debentures
- c. Preference shares
- d. Mutual fund**

84. The best suited fund to the business people is

- a. income fund,
- b. balanced fund,
- c. growth fund,**
- d. None of these.

85. Mutual funds are very popular in

- a. USA,**
- b. UK,
- c. Japan,
- d. India

86. In India, the company which actually deals with the corpus of the mutual fund is called

- a. sponsor company,
- b. trustee company,
- c. asset management company
- d. Mutual fund Company.**

87. ----- variety of mutual fund is known as “Nest Eggs”

- a. Balanced Funds**
- b. Fund of funds
- c. Money Market Mutual fund

- d. Growth oriented funds

88. Generally mutual funds are of

- a. **High risk**
- b. Risk free
- c. Low risk
- d. Any of the above

89. The corpus of funds and its duration is fixed in case of ----- fund

- a. Open ended
- b. Balanced
- c. **Close ended**
- d. Income fund

90. The market performance of mutual fund can be judged on the basis of

- a. Net asset value or intrinsic value
- b. Capital appreciation
- c. **Regular / stable income**
- d. Any of these

91. . ----- is the regulator of mutual funds in India

- a. RBI
- b. IRDA
- c. SEBI

d. **Both SEBI and GOI**

92. The corpus of the fund and its duration are prefixed under _____

a. Open ended

b. Close ended

c. Both a and b

d. None of the above

93. _____ Fund invests in highly liquid.

a. Money market mutual

b. Open ended

c. Close ended

d. None of the above.

94. The units of the _____ cannot publicly trade.

a. Open ended

b. Close ended

c. Both a and b

d. None of the above

95. Roll over facility is only available in _____ funds.

a. Open ended

b. Close ended

c. Both a and b

d. None of the above

96. Taxation fund is _____ fund

a. Growth fund

b. Income fund

- c. Both a and b
- d. None of the above

97. The main objective of Open ended fund is

- a. mobility
- b. Income generation**
- c. Both a and b
- d. None of the above

98. Income fund means

- a. Generating regular income**
- b. Capital appreciation
- c. Both a and b
- d. None of the above

99. The profit earned by the fund is distributed among unit holders in the form of ____

- a. Profit
- b. bonus
- c. commission
- d. dividend**

100. ____ is the objective of pure growth fund

- a. Generating regular income
- b. Capital appreciation**
- c. Both a and b
- d. None of the above

- a. None of the above

UNIT1

K2 level

1. State the objective of financial service.

Mobilizing and allocating savings is the objective of financial service.

2. State the kinds of financial assets.

Marketable assets

Non-marketable assets.

3. What are Marketable assets?

Those which can be easily transferred from one person to another without much hindrance.

4. What are Non-marketable assets

The assets cannot be transferred easily

5. Who are financial intermediaries?

Intermediate and facilitate financial transactions of both individuals and corporate customers.

6. State about Capital market intermediaries

Providing long-term funds to individuals and corporate customers.

7. State about Money market intermediaries

supply only short-term funds to individuals and corporate customers.

8. List out the kinds of securities.

(i) Primary or direct securities. (ii) Secondary or indirect securities.

9. What is Industrial securities market?

It is a market where industrial concerns raise their capital or debt by issuing appropriate instruments.

10. What do you mean by Government securities market?

It is a market where Government Securities are traded.

UNIT -2

11. State meaning for financial markets.

It is a market for the creation and exchange of financial assets.

12. State the functions of Financial Market

Mobilization of savings and channelizing them into the most productive uses

13. List out the types of financial markets.

- Money market
- Capital market.

14. What do you mean by Listing?

It is a process of admitting securities for trading on a recognized stock exchange.

15. State about rights issue.

In this method the company gives privilege to the existing shareholders.

16. List out the operators of new issue market.

- Managers to the issue
- Underwriters

17. List out the functions of new issue market.

- Underwriting
- Originating

18. What is Originating?

Originating refers to the work of investigation.

19. What is underwriting?

Underwriting is a guarantee for the marketability of shares.

20. List of the Categories of Underwriters.

1. Institutional underwriters 2. Non- Institutional underwriters.

UNIT-3

21. State about commercial paper.

It is a short term unsecured promissory note issued by large credit worthy companies to raise short term funds at lower rates.

22. State about Certificate of Deposit.

It is an unsecured instrument issued in bearer form by Commercial Banks & Financial Institutions.

23. State the meaning for commercial bill.

Commercial Bill: It is a bill of exchange used to finance the working capital requirements of business firms

24. List out the features of capital market instruments.

a. Provide long term funds b. Lesser outlay required as unit value of instruments is low

25. State the objectives of SEBI.

- To protect the investors
- To regulate the securities market

26. State the functions of SEBI.

- Regulatory functions

- Development function
27. State the powers of SEBI.
- To call periodical returns
 - To compel listing of securities
28. What are developmental functions of SEBI?
- Promoting investor education
 - Training of intermediaries
29. State the regulatory function of SEBI.
- Prohibiting of fraud and unfair trade practice
 - Prohibition of insider trading
30. Find the meaning for new company.

New company is one which has not completed 12 months' commercial production and does not have audited the results.

UNIT -4

31. Define Merchant banking.
Any person who is engaged in the business of issue management either by making arrangement regarding selling.
32. State the role of Merchant Bankers in the Capital Market
pre-issue management and post issue management.
33. State about Pre-issue management.
Obtaining approval for the issue from SEBI and drafting of prospectus and getting it approved by various authorities concerned.
34. Find the meaning for Post issue management
Collection of application forms and Screening the applications
35. State the role of merchant bankers.
Advisory services relating to mergers and takeovers
36. List out the activities of merchant banks.
Corporate counseling, Project counseling and pre-investment studies.
37. State the meaning for corporate counseling.

Activities performed by the merchant banks to provide expertise knowledge to a corporate entity to ensure better performance.
38. State the meaning for credit syndication.

Services rendered by the merchant banks in arranging and raising credit from financial institutions.
39. Write the quality of merchant banker.
Analyzing ability
40. What is the objective of merchant banking regulation?
It regulates the raising of funds in primary market.

UNIT-5

41. Define Mutual fund.

‘A mutual fund means pooling the investments of a number of investors by way of investment in units of equal size’.

42. State the benefits of Mutual fund

Small investors can get diversified portfolio of assets which reduces the risks of investment..

43. Find the types of return.

Capital appreciation

Dividend distribution.

44. What is capital appreciation

An increase in the value of the units of the fund is known as capital appreciation

45. State the meaning for Dividend distribution

The profit earned by the fund is distributed among unitholders in the form of dividends

46. List out the types of Type of mutual funds

Open ended schemes

Closed ended funds

47. State about Open ended schemes:

In this scheme there is an uninterrupted entry and exist into the funds.

48. State about Closed ended funds.

The closed ended funds have a fixed maturity period. The first time investments are made when the close ended scheme is kept open for a limited period.

49. State about Growth scheme

Aims to provide capital appreciation over medium to long-term.

50. State about Income scheme

Income scheme: aims to provide a regular return to its unit holders. Mostly, these funds deploy their funds in fixed income securities.

K3 for UNIT 1

1. Discover the features of financial service.
2. Examine the classification of financial service industry
3. Sketch the modern activities of financial service.
4. Find the challenges faced by financial service industry
5. Examine the various services provided by financial service industry

UNIT-2

6. Examine about instruments of issue
7. Discover the features of money market.
8. Find the importance of commercial bill market.
9. Examine the structure of Indian money market.
10. Explain the function of new issue market.

UNIT-3

11. Discover the advantages of Listing.
12. Discover the Disadvantages of Listing.
13. Discover the functions and objectives of SEBI.
14. Examine the Functions of secondary market.
15. Summarize the Advisory functions of SEBI.

UNIT-4

16. Sketch about Merchant banking in India.
17. Examine the scope of Merchant banking in India.
18. Discover the meaning for corporate counseling and project counseling.
19. Examine about pre issue and post issue management.
20. Examine the problems faced by merchant bankers.

UNIT-5

21. Sketch about Open ended and close ended funds
22. Discover the risk associated with mutual funds.
23. Examine the types of return
24. Distinguish between income and growth fund.
25. Examine the roll over facility.

UNIT -1

K4

1. Analyze the importance of financial service.
2. Summarize the scope of financial services.
3. Summarize the causes for financial innovation.
4. Categorize the new financial products and services.
5. Analyze the present scenario of financial service industry.

UNIT -2

6. Summarize the players in the new issue market.
7. Analyze the components of Indian money market.
8. Examine the reasons for poor performance of Indian money market.
9. Analyze the performance of new issue market.
10. Categorize the operators in the new issue market.

UNIT-3

11. Analyze the services of stock exchange.
12. Summarize the powers of SEBI.
13. Analyze about listing criteria.
14. Analyze the performance of secondary market.
15. Discover the achievements of SEBI.

UNIT -4

16. Distinguish between commercial banks and merchant banks
17. Summarize the services of Merchant banks
18. Analyze the Guidelines given by SEBI for merchant banker.
19. Summarize the progress of merchant banking in India.
20. Categorize the code of conduct of merchant bankers.

UNIT-5

21. Describe the various schemes offered by mutual fund industry.
22. Mutual funds provide stability to share prices, safety to investors and resources to entrepreneurs –Analyze
23. Analyze the present scenario of mutual funds in India.
24. Summarize the structure of Indian mutual fund industry.
25. Analyze the advantages and disadvantages to an investor in mutual fund.