



Question Bank - Multiple Choice Questions (MCQs)

Unit 1: Indian Financial System

- 1) _____ allocates saving efficiently in an economy to ultimate users either for investment in real assets or for consumption.
 - a) Economic system
 - b) Banking system
 - c) Financial system
 - d) Market system

- 2) Which of the following is not a regulatory institution in Indian financial system?
 - a) RBI
 - b) CIBIL
 - c) SEBI
 - d) IRDA

- 3) _____ is regarded as a queen of Indian financial system.
 - a) SEBI
 - b) RBI
 - c) Finance Ministry
 - d) BSE

- 4) National Housing bank is a fully owned subsidiary of _____.
 - a) HDFC
 - b) HSBC
 - c) RBI
 - d) HUDCO

- 5) Financial institutions are also known as _____.
 - a) Financial organization
 - b) Financial intermediaries
 - c) Financial system
 - d) Any of the above

- 6) _____ is the first development financial institution in India.
 - a) IDBI
 - b) ICICI
 - c) IFCI



- d) RBI
- 7) IDBI was established in _____.
- a) 1948
 - b) 1954
 - c) 1992
 - d) 1964
- 8) _____ is an apex institution to coordinate, supplement and integrate the activities of all existing specialized financial institutions.
- a) IFCI
 - b) IDBI
 - c) RBI
 - d) SEBI
- 9) Which of the following is not an asset held by Commercial Banks?
- a) Bills of Exchange
 - b) Current Account Deposits
 - c) Money Lent at short Notice
 - d) Credit Balances with the Reserve Bank
- 10) Which of the following combinations is correct?
- a) NABARD-----Industrial Loan
 - b) RBI-----Long term Finance
 - c) RRB-----Agriculture Finance
 - d) IDBI-----Short Term Loans
- 11) Which of the following is not an organized sector in India?
- a) Nationalized Banks
 - b) Regional Rural Banks
 - c) Cooperative Banks
 - d) Chits and Money lenders
- 12) In which year was the Banking Regulation Act passed?
- a) 1949
 - b) 1955
 - c) 1959
 - d) 1969



- 13) When did the National Bank of Agriculture and Rural Development establish?
- a) July, 1982
 - b) July, 1969
 - c) June, 1951
 - d) June, 1961
- 14) Which of the following is the apex institution which handles refinance for agriculture and rural development in India?
- a) RBI
 - b) SIDBI
 - c) NABARD
 - d) RBI
- 15) At which of the following cities is the Head Office of Reserve Bank of India located?
- a) Mumbai
 - b) New Delhi
 - c) Kolkata
 - d) Dehradun
- 16) “Scheduled bank” in India means a bank _____.
- a) Incorporated under the Companies Act, 1956
 - b) Authorized to the Banking business
 - c) Governed by the Banking Regulation Act, 1949
 - d) Included in the Second schedule to the Reserve Bank of India Act 1934
- 17) Which is the largest commercial bank in India?
- a) Bank of India
 - b) Axis Bank
 - c) State Bank of India
 - d) HDFC
- 18) Co-operative Societies Act was enacted in which year?
- a) 1912
 - b) 1949
 - c) 1935
 - d) 1913



- 19) With whom does the ownership of Public sector banks rest?
- a) Government of India
 - b) Jointly with Government of India and share-holders from the public
 - c) Jointly with Government of India and State Bank of India
 - d) Jointly with Government of India and Reserve Bank of India
- 20) In which year was the Bank of Maharashtra established?
- a) 1937
 - b) 1935
 - c) 1934
 - d) 1949
- 21) Urban Cooperative Banks are also called as?
- a) Short-term co-operatives
 - b) Secondary Cooperative Banks
 - c) Primary Cooperative Banks
 - d) Long-term co-operatives
- 22) What is the full-form of NBFC?
- a) Non-Bank Financial Competition
 - b) Non-Bank Foreign Company
 - c) Non-Banking Financial Company
 - d) Non-Banking Finance Corporation
- 23) Who insures banks in India?
- a) IRDA
 - b) EXIM
 - c) DICGC
 - d) ECGC
- 24) How many developments banks are there in India?
- a) 5
 - b) 6
 - c) 7
 - d) 8



25) Which is the largest commercial bank in India?

- a) Bank of India
- b) Axis Bank
- c) State Bank of India
- d) HDFC

Answer Key:

1 - c	2 - b	3 - b	4 - c	5 - b	6 - c	7 - d	8 - b	9 - b	10 - c
11 - d	12 - a	13 - a	14 - c	15 - a	16 - d	17 - c	18 - a	19 - a	20 - b
21 - c	22 - c	23 - c	24 - b	25 - c					



Unit 2: Indian Money Market

- 1) Which of the following is the regulator of Money market?
 - a) Reserve Bank of India
 - b) Government of India
 - c) Telecom Regularity Authority
 - d) Insurance Regularity Department

- 2) What is Call Money?
 - a) It is an overnight loan in the Money Market
 - b) It is loan of above 1 day to 14 days in the money market
 - c) It is loan of above 14 day to 364 days in the money market
 - d) It is an amount charged on ISD

- 3) What is Notice Money?
 - a) It is an overnight loan in the Money Market
 - b) It is loan of above 1 day to 14 days in the money market
 - c) It is loan of above 14 day to 364 days in the money market
 - d) It is an amount charged on ISD

- 4) What is Term Money?
 - a) It is an overnight loan in the Money Market
 - b) It is loan of above 1 day to 14 days in the money market
 - c) It is loan of above 14 day to 364 days in the money market
 - d) It is a loan provided on certain terms and conditions by Bank to its customer

- 5) Which of the following is not related with Money Market?
 - a) Treasury Bills
 - b) Commercial Bills
 - c) Certificates of Deposit
 - d) Shares

- 6) Which of the following is related with Money Market?
 - a) Treasury Bills
 - b) Commercial money
 - c) Cheque
 - d) Shares



- 7) Which of the following statement is true about Commercial Paper?
- A) It is traded in the money market
 - B) It is a promissory note
 - C) It was introduced in 1990
 - D) It is a secure Instrument
- a) Option A & B are correct
b) Option C & D are correct
c) Option A,B & C are correct
d) All the options are correct
- 8) Which of the following statement is true about Certificates of Deposits?
- A) It is secure instrument in comparison of Commercial Paper
 - B) It is a promissory note
 - C) It is traded in Capital Market
 - D) It was introduced in 1990
- a) Option C & D are false
b) Option A & B are false
c) Option A,C & D are correct
d) All the options are correct
- 9) Which of the following statement is false about Treasury Bills?
- A) It is a secure Instrument
 - B) It is a promissory note
 - C) It is issued by government
 - D) It is issued maximum for maturity of 1 year
- a) Option A & B are false
b) Only option C is true
c) Option A & D are correct
d) All the options are correct
- 10) Which of the following statement is true about Commercial Bill?
- A) It is a promissory note
 - B) It is a bill of Exchange
 - C) It is a trade Bill
 - D) It is issued by RBI



- a) Option A & B are correct
- b) Option A & D are correct
- c) Option B & C are correct
- d) Option C & D are correct

11) Which of the following statement is related to dated Securities?

- A) It is a secure Instrument
- B) It is issued by government
- C) It acknowledge the debt by the government
- D) The date of maturity is mentioned on the certificate

- a) Only Option A & B
- b) Only Option C & D
- c) Only Option A, C & D
- d) All the options are related

12) What is the minimum amount at which Commercial Paper can be issued?

- a) The minimum amount for Commercial Papers is 5 lakhs.
- b) The minimum amount for Commercial Papers is 5 Crores.
- c) The minimum amount for Commercial Papers is 1 lakh.
- d) The minimum amount for Commercial Papers is 1 Crore.

13) What is the maximum and minimum maturity of Certificate of Deposit issued by financial Institutions?

- a) Certificate of deposit issued by financial Institutions are for 1 year to 3 years.
- b) Certificate of deposit issued by financial Institutions are for 7 days to 364 days.
- c) Certificate of deposit issued by financial Institutions are for 15 days to 90 days.
- d) None of these.

14) What is the minimum amount at which Certificate of Deposit can be issued?

- a) The minimum amount for Commercial Papers is 5 lakhs.
- b) The minimum amount for Commercial Papers is 5 Crores.
- c) The minimum amount for Commercial Papers is 1 lakh.
- d) The minimum amount for Commercial Papers is 1 Crore.



15) Which of the following is considered to be more secure instrument?

- a) Cheque
- b) Draft
- c) Commercial Paper
- d) Hundi

16) What is the maximum validity of a cheque?

- a) 90 days
- b) 30 days
- c) 60 days
- d) 180 days

17) Which is not a type of cheque?

- a) Mutilated Cheque
- b) Stale Cheque
- c) Crossed Cheque
- d) Promissory Cheque

18) Which is a type of crossing in a cheque?

- a) Negotiable Crossing
- b) Special Crossing
- c) Level Crossing
- d) Named Crossing

19) Which of the following act defines a Cheque?

- a) RBI Act 1934
- b) Negotiable Instrument Act 1881
- c) Banking Regulation Act 1949
- d) Companies Act 2013

20) Commercial Bill is a type of _____.

- a) Promissory Note
- b) Cheque
- c) Stamp
- d) Bill of exchange



21) Which among the following is/are correct regarding Money Market?

- A) Money Market is a market for short-term funds.
- B) Maturity in this market ranging from overnight to one year.
- C) The basic function of money market is to provide efficient liquidity position for commercial banks, financial institution, Mutual funds, insurance companies, corporate etc.
- D) Maturity in this market is above one year.

- a) Only a and b
- b) a, b and c
- c) b, c and d
- d) All are correct

22) Which among the following is/are correct regarding Call Money?

- A) It is the money lent/borrowed for maximum period of 14 days
- B) No Collateral is required in Call Money transaction
- C) It is the money lent/borrowed for maximum period of 30 days
- D) Banks borrow primarily from the inter-bank (call money) market

- a) a, b and d
- b) a, b and c
- c) b, c and d
- d) All are correct

23) What is the maximum duration for which term money can be lent/borrowed in money market?

- a) 1 day
- b) 15 days
- c) 30 days
- d) 1 year

24) What is the minimum duration for which term money can be lent/borrowed in money market?

- a) 1 day
- b) 15 days
- c) 30 days
- d) 1 year



25) How many Scheduled Commercial Banks are there in India?

- a) 81
- b) 89
- c) 93
- d) 97



Answer Key:

1 - a	2 - a	3 - b	4 - c	5 - d	6 - a	7 - c	8 - a	9 - d	10 - c
11 - d	12 - a	13 - b	14 - c	15 - b	16 - a	17 - d	18 - b	19 - b	20 - d
21 - b	22 - a	23 - d	24 - b	25 - c					



Unit 3: Indian Capital Market

- 1) What is an Indian depository receipt?
 - a) A deposit account with a public sector bank.
 - b) It is a depository account with any of the depositories in India.
 - c) An instrument in the form of depository receipt created by an Indian depository against underlying equity shares of the issuing company.
 - d) It is an instrument in the form of deposit receipt issued by Indian depositories.
 - e) None of the above is correct.

- 2) Capital market regulator is:
 - a) R B I
 - b) I R D A
 - c) N S E
 - d) B S E
 - e) S E B I

- 3) Which of the following organisations provides a guarantee to the exporters?
 - a) Exim Bank
 - b) Export Credit Guarantee Corporation (E C G C)
 - c) Director General Foreign Trade
 - d) Reserve Bank of India
 - e) Registrar of Companies

- 4) The financial Market where debt and stocks are traded and maturity period is more than a year is classified as:
 - a) Shorter term Markets
 - b) Capital Markets
 - c) Counter Markets
 - d) Long-term Markets

- 5) The market in which new Securities are issued by the Corporations to raise funds are called:
 - a) Primary Markets
 - b) Secondary Markets
 - c) Gross Markets
 - d) Proceeds Markets



- 6) Which type of preference Shares can be converted into equity?
- Redeemable Bonds
 - Convertible Bonds
 - Non- Convertible Bonds
 - All of the above
- 7) Which is not one of the development steps taken for Capital Market?
- Open Outcry
 - Book Building
 - Establishing SEBI
 - Screen Based Trading
- 8) Which of the following is least risky:
- Equity
 - Corporate Bonds
 - Treasury Bills
 - Certificate of Deposits
- 9) Which security holders will receive arrears of the non- payment of dividends by the Company during the loss?
- Cumulative Preference Share Holders
 - Non- Cumulative Preference Share Holders
 - Convertible Preference Share Holder
 - Ordinary Equity Holders
- 10) What is the simple example of Stock Index in India:
- NSE
 - Sensex
 - BSE
 - SEBI
- 11) The amount which is paid at the time of maturity of the bond is equal to:
- Face Value
 - Yield
 - Coupon



d) Discounted Price

12) 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

13) In capital market the major suppliers of trading Instruments are:

- a) Government and corporations
- b) Liquid Corporations
- c) Instrumental Corporations
- d) Manufacturing Corporations

14) In primary markets, the property of shares which made it easy to sell newly issued security is concerned as:

- a) Increased Liquidity
- b) Decreased Liquidity
- c) Money Flow
- d) Large Funds

15) The transaction costs of trading of financial Instruments in centralized market is classified as:

- a) Flexible Costs
- b) Low transaction Costs
- c) High Transaction Costs
- d) Constant Costs

16) In primary market, the first time issued shares to be publicly traded, in stock market is considered as:

- a) Traded Offering
- b) Public Markets
- c) Issuance Offering
- d) Initial Public Offering



- 17) The exchange markets and over the counter markets are considered as two types of:
- Floating market
 - Risky market
 - Secondary market
 - Primary market
- 18) The bonds that are backed by cash flow from project and are sold to finance particular project are classified as:
- Finance Bonds
 - Revenue Bonds
 - Financing Bonds
 - Project Bonds
- 19) The Component of Capital Market are:
- Equity Market
 - Debt Market
 - Derivative Market
 - All of the above
- 20) There are _____ categories of Industrial Security Market.
- 1
 - 2
 - 3
 - 4
- 21) Who controls the capital market in India?
- SEBI
 - RBI
 - IRDA
 - NABARD
- 22) Which of the following words does not belong to the stock exchange?
- KPO
 - NAV
 - NSE



d) IPO

23) Which term most accurately describes selling shares at a higher price than the price at which they were bought?

- a) Loss
- b) Profit
- c) Asset
- d) Dividend

24) How many companies are included in the SENSEX?

- a) 50
- b) 111
- c) 30
- d) None

25) Which of the following statements is true?

- a) SEBI was established in 1988
- b) The Harshad Mehta share scandal happened in 1992
- c) Unit Trust of India was established in 1954
- d) SEBI is not a constitutional body

Answer Key:

1 - a	2 - e	3 - b	4 - b	5 - a	6 - b	7 - a	8 - c	9 - a	10 - b
11 - a	12 - c	13 - a	14 - a	15 - b	16 - d	17 - c	18 - b	19 - d	20 - b
21 - a	22 - a	23 - b	24 - c	25 - c					



Unit 4: Foreign Exchange Market

- 1) Maintaining a foreign currency account is helpful to
 - a) Avoid transaction cost.
 - b) Avoid exchange risk.
 - c) Avoid both transaction cost and exchange risk.
 - d) Avoid exchange risk and domestic currency depreciation

- 2) India's foreign exchange rate system is?
 - a) Free float
 - b) Managed float
 - c) Fixed
 - d) Fixed target of band

- 3) Hedging transaction is indicated by
 - a) Transactions in odd amounts
 - b) Presentation of documentary support
 - c) Frequency of such transactions
 - d) None of the above

- 4) The acronym SWIFT stands for
 - a) Safety Width in Financial Transactions.
 - b) Society for Worldwide International Financial Telecommunication.
 - c) Society for Worldwide Interbank Financial Telecommunication.
 - d) Swift Worldwide Information for Financial Transaction.

- 5) Indirect rate in foreign exchange means
 - a) The rate quoted with the units of home currency kept fixed.
 - b) The rate quoted with units of foreign currency kept fixed.
 - c) The rate quoted in terms of a third currency. D. None of the above.
 - d) None of the above

- 6) The exchange rate is
 - a) The price of one currency relative to gold.
 - b) The value of a currency relative to inflation.
 - c) The change in the value of money over time.



- d) The price of one currency relative to another.
- 7) India is facing continuous deficit in its balance of payments. In the foreign exchange market rupee is expected to
- Depreciate.
 - Appreciate.
 - Show no specific tendency.
 - Depreciate against currencies of the countries with positive balance of payment and appreciate against countries with negative balance of payment.
- 8) The effect of speculation on exchange rate is
- It causes violent fluctuations in exchange rate.
 - It aggravates the market trends.
 - Either or both of A and B.
 - Neither A nor B.
- 9) The demand for domestic currency in the foreign exchange market is indicated by the following transactions in balance of payment.
- Export of goods and services
 - Import of goods and services.
 - Export of goods and services and capital inflows.
 - Import of goods and services and capital outflows.
- 10) If PPP holds
- The nominal exchange rate will not change.
 - The real exchange rate will not change.
 - Both real and nominal exchange rates will not change.
 - Both real and nominal exchange will move together
- 11) A spot transaction in the foreign exchange market involves the
- Exchange of exports and imports at a specified future date.
 - Exchange of bank deposits at a specified future date.
 - Immediate (within two days) exchange of exports and imports.
 - Immediate (within two days) exchange of bank deposits.



- 12) Forward exchange rates
- Involve the immediate exchange of bank deposits.
 - Involve the exchange of bank deposits at some specified future date.
 - Involve the immediate exchange of imports and exports.
 - None of the above.
- 13) When the value of the British pound changes from \$1.50 to \$1.25, the pound has _____ and the dollar has _____.
- appreciated; appreciated
 - depreciated; appreciated
 - appreciated; depreciated
 - depreciated; depreciated
- 14) The foreign exchange market
- Is organized as an over-the-counter market in which several hundred dealers stand ready to buy and sell deposits denominated in foreign currencies.
 - Is very competitive.
 - Functions no differently from a centralized market.
 - All of the above.
- 15) In the long run, _____ affect the exchange rate.
- relative price levels
 - tariffs and quotas
 - productivity
 - All of the above.
- 16) Exchange rates are determined in
- The money market.
 - The foreign exchange market.
 - The stock market.
 - The capital market.
- 17) The immediate (two-day) exchange of one currency for another is a
- Forward transaction.
 - Spot transaction.



- c) Money transaction.
d) Exchange transaction.
- 18) An agreement to exchange dollar bank deposits for euro bank deposits in one month is a
- Spot transaction.
 - Future transaction.
 - Forward transaction.
 - Monthly transaction.
- 19) In the foreign exchange market, if the interest rate on foreign deposits increases, holding everything else constant,
- The expected return schedule for foreign deposits shifts to the right.
 - The dollar depreciates.
 - The foreign currency appreciates.
 - All of the above.
- 20) Although market trades are said to involve the buying and selling of currencies, most trades involve the buying and selling of
- Bank deposits denominated in different currencies.
 - SDRs.
 - Gold.
 - ECUs.
- 21) Higher tariffs and quotas cause a country's currency to _____ in the _____ run.
- depreciate; short
 - appreciate; short
 - depreciate; long
 - appreciate; long
- 22) Lower tariffs and quotas cause a country's currency to _____ in the _____ run.
- depreciate; short
 - appreciate; short
 - depreciate; long
 - appreciate; long



- 23) Anything that increases the demand for foreign goods relative to domestic goods tends to _____ the domestic currency because domestic goods will only continue to sell well if the value of the domestic currency is _____.
- a) depreciate; lower
 - b) depreciate; higher
 - c) appreciate; lower
 - d) appreciate; higher
- 24) If a factor increases the demand for _____ goods relative to _____ goods, the domestic currency will appreciate.
- a) foreign; domestic
 - b) foreign; foreign
 - c) domestic; domestic
 - d) domestic; foreign
- 25) An increase in productivity in a country will cause its currency to _____ because it can produce goods at a _____ price.
- a) depreciate; lower
 - b) appreciate; lower
 - c) depreciate; higher
 - d) appreciate; higher
 - e) appreciate; unchanged

Answer Key:

1 - c	2 - b	3 - d	4 - c	5 - a	6 - d	7 - a	8 - c	9 - c	10 - b
11 - d	12 - b	13 - b	14 - d	15 - d	16 - b	17 - b	18 - c	19 - d	20 - a
21 - d	22 - c	23 - a	24 - d	25 - b					



Unit 5: NBFIs (Non-Banking Financial Institutions)

- 1) Which agency regulates and supervises NBFCs?
 - a) Finance Ministry
 - b) SEBI
 - c) RBI
 - d) Respective state government

- 2) Which of the following statements is/are correct?
 - A) NBFCs does not hold a banking license.
 - B) NBFC can issue Demand Drafts like banks.
 - a) Only A
 - b) Only B
 - c) Both
 - d) None

- 3) Consider the following statements
 - A) Chit Funds are type of NBFC
 - B) All NBFCs are ruled by RBI
 - C) RBI said any purchase of a stake of 26% or more in a company, or a change in more than 30% of its directors, would need the central bank's permission.Which of the above statements is/are correct?
 - a) A,B
 - b) B,C
 - c) A,C
 - d) All

- 4) A Non-Banking Financial Company (NBFC) is a company registered under the _____.
 - a) RBI Act 1934
 - b) Companies Act, 1956
 - c) NBFC Act 1956
 - d) Government Securities Regulations, 1913

- 5) Which of the following activity is not permissible for NBFC?



- a) loans and advances
 - b) acquisition of shares
 - c) insurance business
 - d) construction of immovable property
- 6) A non-banking institution that has a principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions is known as?
- a) Principal non-banking company
 - b) Residential non-banking company
 - c) Residuary non-banking company
 - d) Optional non-banking company
- 7) Which of the following is false about NBFC?
- a) NBFC cannot accept demand deposits
 - b) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself
 - c) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs
 - d) NBFC cannot undertake insurance business
- 8) Which of the following does not have any roles in regulation of NBFCs?
- a) National Housing Bank
 - b) Reserve Bank of India
 - c) SIDBI
 - d) Ministry of Corporate Affairs
- 9) The type of lease that includes a third party, a lender, is called as which of the following?
- a) Sale and leaseback
 - b) Leveraged lease
 - c) Direct Leasing Agreement
 - d) Operating Lease
- 10) A Direct lease, a sale and leaseback, and a Leveraged lease are all examples of which of the following?
- a) Operating leases
 - b) Financial leases



- c) Full service leases
 - d) Off Balance Sheet methods of financing
- 11) What are the benefits of leasing to other companies?
- a) Interest Revenue
 - b) High Residual Value
 - c) Tax Incentives
 - d) All of the above
- 12) A leveraged lease is a three-sided agreement among the following:
- a) Lessee, lessor and lender
 - b) Lessor, Commercial Bank, and Insurance Company
 - c) a and b
 - d) None of the above
- 13) What is the full form of FASB?
- a) Financial Accounting Standard Board
 - b) Financial Accounting Safety Board
 - c) Finance and Accounts Standard Board
 - d) Financial Accounting Safety Bureau
- 14) What is the full form of FLC?
- a) Financial Leasing Company
 - b) Finance Lending Company
 - c) Financial Leasing Company of India Limited
 - d) None of the above
- 15) Which of the following is NOT a reason to invest in mutual funds?
- a) Professional management of your investment
 - b) Invest low amounts (as low as Rs. 500) in a diversified portfolio
 - c) Flexibility to buy and sell your investments as and when you want
 - d) Personal customized portfolio
- 16) Which of the following instruments can mutual funds scheme invest in?
- a) Stocks



- b) Corporate Bonds
- c) Government Bonds
- d) Gold
- e) All of the above
- f) None of the above

17) A diversified equity fund is one which

- a) Invests in one sector
- b) Invests in one theme
- c) Invests in stocks across various sectors
- d) Invests in minimum 30 stocks

18) SIP is a

- a) Method of regular investment
- b) Name of a mutual fund
- c) Brand of Tea Stock
- d) None of these

19) Does a balanced fund always invest its money in the ratio of 50:50 in equity and fixed income?

- a) Yes
- b) No

20) A liquid fund can invest its money in which of the following

- a) Central Government securities of around 10 year average maturity.
- b) Money market instruments of less than 91 days maturity
- c) Corporate bonds / paper of more than 91 days maturity
- d) Short term Bank Deposits

21) When was the Factoring Regulation Act passed in India?

- a) 2011
- b) 2000
- c) 1991
- d) 2001



- 22) What is the normal time period range for factoring in India?
- a) 70 - 80 days
 - b) 80 – 90 days
 - c) 90 – 120 days
 - d) 90 – 150 days
- 23) How many NBFC factors are there in India registered at present?
- a) 31
 - b) 6
 - c) 7
 - d) 9
- 24) Factoring Business is also known as by which of the following names?
- a) Account Receivable Factoring
 - b) Asset based lending
 - c) Invoice Factoring
 - d) All of the above
- 25) Which of the following are the characteristics of a Mortgage Loan?
- a) It is secured against, immovable and fixed property
 - b) It is a long term loan in nature
 - c) It is repaid in small monthly installments along with interest
 - d) All of the above
- 26) HFC stands for which of the following?
- a) Housing Finance Company
 - b) Housing Finance Corporation
 - c) Housing Federation of Commerce
 - d) None of the above
- 27) National Housing Bank is wholly owned by which of the following institutions?
- a) RBI
 - b) SEBI
 - c) SBI
 - d) None of the above



28) Which of the following give finance to young, start-up companies?

- a) Venture Capital Firm
- b) Finance Company
- c) Small – business Finance Company
- d) Capital – Creation Company

29) What is the full form of VCT?

- a) Venture Capital Trusts
- b) Venture Capital Trading
- c) Value Capital Trusts
- d) Value Capital Trading

30) Venture capital was originated in which of the following countries?

- a) India
- b) Britain
- c) USA
- d) France

Answer Key:

1 - c	2 - a	3 - c	4 - b	5 - d	6 - c	7 - d	8 - c	9 - b	10 - b
11 - d	12 - c	13 - a	14 - c	15 - d	16 - e	17 - c	18 - a	19 - b	20 - b
21 - a	22 - d	23 - c	24 - d	25 - d	26 - a	27 - a	28 - a	29 - a	30 - c



Unit 6: Development Financial Institutions (DFIs)

- 1) Industrial Finance Corporation of India (IFCI) was established in :
 - a) 1946
 - b) 1947
 - c) 1948
 - d) 1949

- 2) "Development Banks" are
 - a) Branches of commercial Banks whether in private or public sector, situated in rural area for upliftment of weaker sections of the society
 - b) Financial sections which provide long term finance to industries
 - c) Land development banks which provide development financing to agriculture
 - d) None of these

- 3) Industrial Development of was established as a subsidiary of
 - a) RBI
 - b) SIDBI
 - c) SBI
 - d) Industrial credit & investment corporation of India

- 4) Which of the following is the first Development Bank of India
 - a) IFCI
 - b) SFC
 - c) NABARD
 - d) State Industrial Development corporations

- 5) Which of the following is a development bank?
 - a) HDFC
 - b) NHB
 - c) Axis Bank
 - d) DCB

- 6) Which development financial institution integrated with a bank?
 - a) IFCI Ltd



- b) ICICI LTD
c) NHB
d) IIFCL
- 7) Which is the financial development institution created specially for the small & medium enterprises
a) SIDBI
b) IDBI
c) NABARD
d) IFCI LTD
- 8) The premier export finance institution of the country is
a) RBI
b) SBI
c) EXIM Bank
d) IDBI
- 9) Which financial institution is helping commercial banks is lending to the infrastructure sector?
a) IFCI Ltd
b) IDBI
c) IIFCL
d) IIBI
- 10) The erstwhile Industrial Reconstruction Bank of India (IRBI) is now known as
a) IFCI
b) ICICI
c) IDBI
d) Industrial Investment Bank of India Ltd
- 11) Which of the following is not correct about development banks in India?
a) The Development Banks do not seek or accept deposits from the public
b) They provide short term finance
c) The development banks promote economic development by promoting investment & enterprise
d) None of these



- 12) Which agency is exclusively concerned with the credit needs of all types agricultural and rural development?
- a) SBI
 - b) IDBI
 - c) RBI
 - d) NABARD
- 13) Which of the following is the apex institution which handles refinance for agriculture and rural development in India?
- a) RBI
 - b) SIDBI
 - c) NABARD
 - d) SEBI
- 14) Which among the following is the oldest development Financial Institution of India?
- a) UTI
 - b) IDBI
 - c) ICICI
 - d) IFCI
- 15) In India, the bank NABARD does not provide refinance to
- a) Scheduled commercial bank
 - b) RRB
 - c) EXIM bank
 - d) state land development bank
- 16) Central Government's contribution towards the capital of RRBs is made through
- a) NABARD
 - b) RBI
 - c) SBI
 - d) Central cooperative Bank
- 17) At present the RBI holds one percent of shareholding in
- a) SBI
 - b) NHB



- c) NABARD
- d) RBI

18) The headquarters of SIDBI is in

- a) Lucknow
- b) New Delhi
- c) Mumbai
- d) Kolkata

19) The Exim bank has been set up for the purpose of

- a) functioning as a specialized institution for providing comprehensive credits on international competitive terms for exports of capital goods, engineering goods, manufactured produced, projects and services
- b) offering advisory services to exporters for non –traditional exports
- c) Providing refinance facilities in regard to export financing by banks and other financial institutions.
- d) All of the above

20) The Export-Import bank of India (Exim Bank) is a public sector financial institution created by an Act of parliament viz

- a) BR Act ,1949
- b) The companies Act, 1956
- c) Export-Import bank of India Act, 1981
- d) The Exim Act, 1948

21) The headquarter of NABARD is situated in

- a) Delhi
- b) Mumbai
- c) Lucknow
- d) Kolkata

22) NABARD is a

- a) Board
- b) Bureau
- c) Bank
- d) Department



23) Which of these DFI was primarily set up for the development of the Micro, Small and Medium Enterprise (MSME) sector?

- a) NABARD
- b) IDBI
- c) SIDBI
- d) IFCI

24) When was the Industrial Finance Corporation of India setup in India?

- a) 1945
- b) 1948
- c) 1951
- d) 1991

25) Co-operative development bank was set up by

- a) NABARD
- b) RBI
- c) SBI
- d) central Govt.

Answer Key:

1 - c	2 - b	3 - a	4 - a	5 - b	6 - b	7 - a	8 - c	9 - c	10 - d
11 - b	12 - d	13 - c	14 - d	15 - d	16 - a	17 - c	18 - a	19 - d	20 - c
21 - b	22 - c	23 - c	24 - b	25 - a					



Unit 7: Investment Institutions in India

- 1) The Unit Trust of India (UTI) was set up in
 - a) 1935
 - b) 1980
 - c) 1956
 - d) 1964

- 2) Which one of the following is the main objective of Unit Trust of India?
 - a) To mobilize the savings of high income groups.
 - b) To mobilize the savings to low and high income groups.
 - c) To mobilize the savings of corporates.
 - d) To mobilize the savings of low and middle income groups

- 3) Which one of the following is not used to estimate cost of equity capital?
 - a) External yield criterion
 - b) Dividend plus growth rate
 - c) Equity capitalisation approach
 - d) Capital asset pricing model

- 4) Which one of the following is the largest mutual fund organisation in India?
 - a) SBI Mutual Fund
 - b) Ind Bank Mutual Fund
 - c) Unit Trust of India
 - d) GIC Mutual Fund

- 5) In which of the following cities is the headquarters of the Unit Trust of India located?
 - a) Kolkata
 - b) Mumbai
 - c) New Delhi
 - d) Chennai

- 6) Which of the following public sector banks has the largest number of loss making branches?
 - a) United Bank of India
 - b) Syndicate Bank



- c) State Bank of India
d) Indian Bank
- 7) The central office of the Life Insurance Corporation of India (LIC) is located at
a) Kolkata
b) New Delhi
c) Chennai
d) Pune
e) Mumbai
- 8) Which of the following is not the name of an Insurance Scheme launched by the Government of India?
a) Janashree Bima Yojana
b) Krishi Shramik Sarnajik Suraksha Yojana
c) Shiksha Sahyog Yojana
d) Varsha Bima Yojana
e) National Saving Scheme Programme
- 9) The Life Insurance Corporation of India has how many Zonal offices in India?
a) Five
b) Eight
c) Ten
d) Fifteen
e) None of these
- 10) The punch line of the advertisement of which of the following organization is “Jindagi ke sath bhi Jindagi ke bad bhi”?
a) New India Assurance
b) General Insurance Corporation
c) ICICI Prudential
d) Life Insurance Corporation Of India
e) None of these
- 11) The legislation to regulate insurance business in India was passed in which year?
a) 1976
b) 1912



- c) 1818
- d) 1945

12) The Hindustan Co-operative Insurance Company was set up in the year 1907 in which city?

- a) Delhi
- b) Bombay
- c) Madras
- d) Calcutta

13) Which type of insurance usually requires higher premium?

- a) Broad Form insurance
- b) Whole life insurance
- c) Health insurance
- d) Term insurance

14) Limit of FDI in Insurance sector:

- a) 47%
- b) 50%
- c) 49%
- d) 51%

15) In which year was the Life Insurance Corporation of India formed?

- a) 1956
- b) 1960
- c) 1948
- d) 1962

16) Which of the following statements about The Employees' Provident Funds and (Miscellaneous Provisions) Act are true?

- A) The Act is not applicable to cooperative societies employing less than 50 persons working with the aid of power.
- B) It makes provision for pension scheme, including family pension.
- C) There is no wage limit to be covered under the Act.
- D) The Act has a provision relating to Employees' Deposit-linked Insurance Scheme.



- a) A, B & D
- b) A & C
- c) A, C & D
- d) B, C & D

17) What is the present wage limit to be eligible to be covered under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952?

- a) Rs. 12,500
- b) Rs. 15,000
- c) Rs. 6,500
- d) Rs. 6,000

18) The chairman and members of Central Board constituted under Employees Provident Fund are appointed by

- a) Supreme Court
- b) State Government
- c) Central Government
- d) None of the above

19) Under this act, how many members are appointed by the Central Government in Central Board representing employees in the establishments to which the Scheme applies

- a) 5
- b) 10
- c) 12
- d) 20

20) An employer who contravenes or makes default in complying with the provisions of section 6 of this act, shall be punishable with imprisonment for a term which may extend to _____ years.

- a) 1
- b) 2
- c) 3
- d) 5

21) The term "Appropriate Government" is defined in which section of the PF Act?

- a) Section 2(a)



- b) Section 2 (b)
- c) Section 2 (d)
- d) Section 2 (e)

22) The pension plan in which the benefits of pension is paid by both parties involved , such as employers and employees is classified as

- a) Non- discretionary plan
- b) Discretionary plan
- c) Contributory plan
- d) Non – Contributory plan

23) The type of pension plan in which all the benefits of pension are provided by the employer of the organization employees is classified as

- a) Non- discretionary plan
- b) Discretionary plan
- c) Contributory plan
- d) Non – Contributory plan

24) Section 2(aa) of the PF act defines the term

- a) Basic Wages
- b) Authorised Officer
- c) Government
- d) None of these

25) Bonus is part of Basic Wages as defined in the respective section in the PF Act.

- a) True
- b) False

Answer Key:

1 - d	2 - d	3 - a	4 - c	5 - b	6 - b	7 - e	8 - d	9 - b	10 - d
11 - b	12 - d	13 - a	14 - c	15 - a	16 - a	17 - b	18 - c	19 - b	20 - c
21 - a	22 - c	23 - d	24 - b	25 - b					



Unit 8: Regulatory Institutions In Market

- 1) Section 2(d) of the Provident Fund Act defines
 - a) Hazardous Process
 - b) Employee
 - c) Employment
 - d) Controlled Industry

- 2) The term “Employer” is defined in the section of the PF Act.
 - a) 2(e)
 - b) 2(g)
 - c) 2(f)
 - d) 2(m)

- 3) Can an agent, of the owner of a factory, be termed as an employer?
 - a) Yes
 - b) No

- 4) The term “Exempted Employee” is defined under section of the PF Act, 1952.
 - a) 2 (gg)
 - b) 2(hh)
 - c) 2(ff)
 - d) 2(cc)

- 5) Section 2(g) of the PF Act defines
 - a) Non-Exemption
 - b) Exemption
 - c) Factory
 - d) Exempted Job

- 6) Under the PF Act, 1952 “Insurance Fund” means
 - a) Unit Linked Insurance Plan
 - b) Deposit Linked Insurance Fund
 - c) Employees’ Group Accident Insurance
 - d) Medical Insurance Fund



- 7) Under this act, how many members are appointed by the Central Government in Central Board representing employees in the establishments to which the Scheme applies
- a) 15
 - b) 10
 - c) 12
 - d) 20
- 8) The contribution which shall be paid by the employer to the Fund shall be
- a) 5%
 - b) 7%
 - c) 12%
 - d) 10%
- 9) This Act shall not apply to any establishment registered under the Co-operative Societies Act, 1912 (2 of 1912), employing less than ----- persons and working without the aid of power.
- a) 100
 - b) 70
 - c) 50
 - d) 20
- 10) Employees' Provident Funds Appellate Tribunal was constituted under Section the this act.
- a) 6D
 - b) 7C
 - c) 6A
 - d) 7D
- 11) When was SEBI constituted?
- a) April, 1988
 - b) March, 1982
 - c) July, 1992
 - d) Dec. 1974
- 12) Which of the following statement is NOT correct about the SEBI?
- a) At present it is a non statutory body
 - b) At present it is a statutory body



- c) It got statutory powers by an ordinance in 1992
- d) SEBI is managed by 6 members

13) Which of the following words does not belong to the stock exchange?

- a) NAV
- b) NSE
- c) IPO
- d) KPO

14) Where is the headquarter of the SEBI?

- a) Delhi
- b) Bengaluru
- c) Chennai
- d) Mumbai

15) Chairman of the SEBI is appointed for

- a) For maximum 3 years
- b) For maximum 6 years
- c) For maximum 5 years
- d) Tenure not fixed

16) How many companies are included in the SENSEX?

- a) 30
- b) 50
- c) 111
- d) 25

17) SEBI stands for:

- a) Securities and Exchange Bank of India
- b) Securities and Exchange Board for Investment
- c) Securities and Exchange Board of India
- d) None of These

18) SEBI get its statutory powers on:

- a) 17 April, 1992



- b) 15 April, 1992
- c) 12 April, 1992
- d) None of These

19) Which among the following complaints not dealt by SEBI:

- a) Complaints falling under the purview of the regulatory bodies like RBI, IRDA, PFEDA, CCI, FMC etc.
- b) Complaints regarding Pension Fund
- c) Complaints regarding Commodities
- d) All of Above
- e) None of These

20) SCORES stands for:

- a) SEBI Complaints Redress System
- b) Special Complaints Redress System
- c) Sources for Complaints Redress System
- d) None of These

Answer Key:

1 - d	2 - a	3 - a	4 - c	5 - c	6 - b	7 - b	8 - c	9 - c	10 - d
11 - a	12 - a	13 - d	14 - d	15 - d	16 - a	17 - a	18 - c	19 - d	20 - a

.....**Thank you**.....