

Merchant Banking & Financial Services MCQ

1. 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**

2. In India Merchant banking along with management of public issues and loan syndication covering activities like-
 1. Project counseling
 2. Portfolio management
 3. Investment counseling
 4. Mergers and amalgamation of the corporate firms
 5. Securities and exchange
 - a. 1, 2, 4, 5
 - b. 1,2, 3, 5
 - c. 1, 2, 3, 4**
 - d. 2, 3, 4, 5

3. Formal merchant banking activity in India was originated in_____.
 - a. 1978
 - b. 1969**
 - c. 1769
 - d. 1987

4. 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
5. State Bank of India started merchant banking in_____ followed by ICICI in_____.
- a. 1972, 1974
 - b. 1978, 1980
 - c. 1973, 1974**
 - d. 1980, 1981
6. 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
7. Developmental activities of merchant banking:
- a. Sources of funds forever
 - b. Expanding industry and trade
 - c. Leaving a widening gap unbridged between supply and demand of investible funds.
 - d. All of the above**

8. Different enactments for raising funds from the capital market:

1. Companies Act
2. Income-Tax Act
3. Foreign Exchange Regulation Act
4. Securities Contracts Act
5. Corporate laws and Regulations

- a. 1,2,4, 5
- b. 2, 3, 4, 5
- c. 1, 2, 3, 4, 5**
- d. 2,3,4

9. The term 'Merchant Bank' is used in:

- a. United States
- b. United Kingdom**
- c. America
- d. India

10. In India, merchant Banks operate in the form of divisions of India and foreign banks and financial institution, Subsidiary companies established by-

1. SBI Capital Markets Ltd.
2. Can Bank Financial Services Ltd.
3. PNB Capital Services Ltd.
4. BOI Finance Ltd.
5. Indian Bank Merchant Banking Services Ltd.

- a. 1, 2, 4, 5
- b. 2, 3, 4, 5
- c. 1, 2, 3, 4, 5**
- d. 1, 3, 4, 5

11. Banks implement the RBI's _____ policies.

- a. Monetary
- b. Credit
- c. Commercial
- d. Both a and b**

12. State level financial institutions are:

- 1. IFCI
 - 2. SFCs
 - 3. SIDCs
 - 4. IRBI
 - 5. SIICs
- a. 1, 2, 4
 - b. 2, 3, 5**
 - c. 1, 3, 5
 - d. 1, 4, 5

13. _____ is basically a savings and investment corporation.

- a. UTI**
- b. IDBI
- c. SBI
- d. RBI

14. Identify the money market instruments:

1. Call Money Market
2. Treasury Bills
3. Commercial bills
4. Commercial paper
5. Certificate of deposit
6. Foreign investment policy
 - a. 1, 2, 4, 5, 6
 - b. 2, 3, 4, 5, 6
 - c. 1, 2, 3, 4, 5
 - d. All of the above**

15. Secondary markets in treasury bills require involvement of _____ and _____.

- a. Brokers, Dealers**
- b. Buyers, Sellers
- c. Consumer, Producer
- d. All of the above

16. Merchant bank is an organization that-

- a. Underwrites securities for corporations
- b. Advice clients on mergers
- c. Involved in ownership of commercial ventures
- d. All of the above**

17. The criteria for authorization of merchant bankers includes:

1. Professional qualification in finance, law or business management
2. Infrastructure like adequate office space, equipment and manpower
3. Employment of two persons who have the experience to conduct business of merchant bankers
4. Capital adequacy
5. Past track record, experience, general expectation and fairness in all transaction

- a. 1, 2, 4, 5
- b. 1, 2, 3, 4, 5**
- c. 2, 3, 4, 5
- d. None of the above

18. The four categories of merchant bankers issued by SEBI:

- | | |
|-----------------------|--|
| 1. First category | i. Who act as an advisor or consultant to an issue |
| 2. Secondary category | ii. Those authorized to act as an underwriter, advisor. |
| 3. Third category | iii. Those authorized to act in the capacity of co-manager |
| 4. Fourth category | iv. Who carry on any activity of issue management |

- a. 1-I, 2-ii, 3-iii, 4-iv
- b. 1-iv, 2-iii, 3-ii, 4-I**
- c. 1-iii, 2-I, 3-iv, 4-ii
- d. None of the above

19. Issue management is an important function of _____ and _____.

- a. Merchant banker, lead manager**
- b. Public banker, Merchant banker
- c. Lead banker, Private banking

d. None of the above

20. In simple terms, the management of issues for raising funds through various types of instruments by companies is known as:

- a. Lead management
- b. Merchant banking
- c. Issue management**
- d. Public issue management

21. Companies raise funds for the purposes of:

- 1. Financing new projects
 - 2. Expansion of existing units
 - 3. Modernization & diversification of existing units
 - 4. Organizing long term resources for working capital purposes
- a. 1, 2, 3
 - b. 2, 3, 4
 - c. 1, 2, 3, 4**
 - d. 1, 3, 4

22. Categories of securities issue:

- a. Public issue
- b. Rights issue
- c. Private placement
- d. All of the above**

23. Private placement covers-

- a. Shares
- b. Preference shares
- c. Debentures
- d. All of the above**

24. Match the following:

- | | |
|----------------------|--|
| 1. Public issue | i. When capital funds are raised through the issue of prospects. |
| 2. Rights issue | ii. When shares are issued to the existing shareholders of a company |
| 3. Private placement | iii. When the issuing company sells securities directly to the investors |

- a. 1-I, 2-ii, 3-iii**
- b. 1-iii, 2-ii, 3-I
- c. 1-ii, 2-iii, 3-I
- d. 1-iii, 2-I, 3-ii

25. Equity funding is preferable especially when the project is_____.

- a. Fund intensive
- b. Finance intensive
- c. Capital intensive**
- d. Application intensive

26. Match the following:

- | | |
|--------------------------|--|
| 1. Pre-Issue Activities | i. Signing of MOU |
| 2. Post-Issue Activities | ii. Dispatch of share certificates |
| | iii. Issue of closure |
| | iv. Finalization of basis of allotment |
| | v. Filing with ROC |
| | vi. Advertisement |

- a. 1-I, ii, iii and 2-iv, v, vi
- b. 1-I, iii, v and 2-ii, iv, vi**
- c. 1-ii, iii, iv and 2- I, v, vi
- d. None of the above

27. The_____has to manage the post-issue activities.

- a. Merchant banker
- b. Lead manager**
- c. Bank promoter
- d. All of the above

28. It is a process by which a demand for the securities proposed to be issued by a body corporate is elicited.

- a. Book building**
- b. Share certificate
- c. Promoter issue
- d. Circular

29. Financial services through the network of elements such as _____, serve the needs of individuals, institutions and Corporate.

- a. Financial institutions
- b. Financial markets
- c. Financial instruments
- d. All of the above**

30. _____ is regarded as the fourth element of the financial system.

- a. Financial services**
- b. Financial markets
- c. Financial instruments
- d. Financial institutions

31. Objectives of financial services:

- 1. Fund raising
 - 2. Funds deployment
 - 3. Specialized services
 - 4. Regulation
 - 5. Economic growth
- a. 1, 2, 4, 5
 - b. 2, 3, 4, 5
 - c. 1, 2, 3, 4, 5**
 - d. 1, 3, 4, 5

32. Chief characteristics of financial services:

- 1. Intangibility
- 2. Customer orientation
- 3. Inseparability

4. Dynamism
- a. 1, 2, 3
 - b. 2, 3, 4
 - c. 1, 3, 4
 - d. 1, 2, 3, 4**

33. Match the following:

- 1. Fund based activities
 - i. Underwriting of/or investment in shares
- 2. Non-fund based activities
 - ii. Dealing in secondary market
 - iii. Arrangement of funds from financial institutions
 - iv. Managing the capital issues

- a. 1-I, ii and 2-iii, iv**
- b. 1-ii, iv and 2-I, iii
- c. 1-I, iv and 2-ii, iii
- d. 1-iii, iv and 2-I, ii**

34. Factors affecting assigned ratings:

- a. The character and terms of the particular security being issued.
- b. The probability that the issuer will default the security and the ability and willingness of the issuer to make timely payments
- c. The degree of protection extended to investors if the securities are liquidated, reorganized, and/or if the organization declares bankruptcy.
- d. All of the above**

35. Identify the benefits of credit-rating to investors:

1. Safeguard against bankruptcy
2. Lower cost of borrowing
3. Saving of resources
4. Reduction of cost in public issues
5. Credibility of issues
6. Wider audience for borrowing

- a. **1, 3, 5**
- b. 2, 4, 6
- c. 1, 4, 5, 6
- d. All of the above

36. CRISIL has been promoted by_____and_____.

- a. **ICICI, UTI**
- b. IDBI, SBI
- c. AXIS, UTI
- d. PNB, SBI

37. The term_____is defined as a central location for keeping securities on deposit.

- a. **Depository**
- b. Instrument
- c. Institutions
- d. None of the above

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

- a. SBI
- b. RBI
- c. ICICI
- d. IDBI

39. The principal instruments of the organized money market –

- 1. The call money market
- 2. The repo market
- 3. The treasury bill market
- 4. The commercial bill market
- 5. The certificate of deposits market
- 6. The commercial papers market
- 7. The money market mutual funds

- a. 1, 2, 4, 5, 7
- b. 2, 3, 5, 6, 7
- c. 1, 2, 3, 6, 7
- d. All of the above**

40. Any change in flow of funds and the demand of them, is clearly reflected in –

- a. **Call money market**
- b. Money market
- c. Repo market
- d. Commercial bill market

41. _____operates in Inter-bank call money market.

- a. Scheduled commercial banks
- b. Co-operative banks
- c. Financer house of India
- d. **All of the above**

42. Lead merchant banker should advice the issuer to enter into ----- with a particular intermediary for the purpose of issue management.

(a) **Memorandum of understanding**

(b) R O C

(c) Agreement

(d) Arrangement.

43. The number of lead merchant bankers may not exceed in case any issue of, issue size 200crore to 400crore.

(a) 4

(b) 3

(c) 6

(d) **5.**

44. A merchant bank can help an organization specifically in promotional functions,
-----.

- (a) Sponsoring the issue
- (b) Marketing
- (c) None of these
- (d) All of these.**

45. Role of merchant bankers-----.

- (a) Mobilization of funds
- (b) Promotional function
- (c) Innovation
- (d) All of these.**

46. ----- is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it.

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

47.----- is a long term risk capital to finance high technology projects which involve risk but at same time has strong potential for growth.

(a) **Venture capital**

(b) hedge finance

(c) Merchant banker

(d) hire purchaser.

48. -----act as an intermediary to link up the sources of ideas and the sources of fund.

(a) **Venture capital**

(b) Merchant banking

(c) Leasing

(d) None of these.

49. The first bank to set up a separate merchant banking division in India.

(a) Punjab national bank

(b) Standard chartered bank

(c) **National & Grin days bank**

(d) National city bank.

50. Which of the following is not a fee-based financial service?

(a) Corporate counseling

(b) **Lease financing**

(c) Profit management

(d) Issue management.

51. All merchant bankers must have minimum net worth of -----.

- (a) **5crore**
- (b) 1crore
- (c) 10crore
- (d) 20crore.

52. Find out odd one- Authorization criteria of merchant bankers.

- (a) **All business performed**
- (b) professional competence
- (c)Capital adequacy
- (d) Past experience.

53. ----- covers the entire range of services provided by a merchant banker.

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

54. Functions of financial services exclude -----.

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

55. Financial service companies exclude -----.

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

56. Financial services offered financing risk project e.g. Risk capital scheme of I F C I venture capital fund of I D F I etc. to provide -----.

- (a) Seed capital
- (b) Venture capital**
- (c) Primary fund
- (d) secondary fund.

57. Category 1 merchant bankers can act as .

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

58. Merchant bankers are .

- (a) Merchants
- (b) Banks

(c) **Neither merchants nor banks**

(d) None of these.

59. Merchant banker shall not associate with any business other than that of the securities market.

(a) False

(b) **True**

(c) None of these

(d) All of these.

60. The number of lead merchant bankers may not exceeds in case any issue of , issue size less than Rs.50crore,number of MBs -----.

(a) 1

(b)3

(c)**2**

(d) 4.

61. The purpose of valuation is to assess the profitability & ----- of the venture.

(a)Accessibility

(b)Marketability

(c) Viability

(d) Efficiency

Answer: c. Viability

62. ----- types of valuation method can be adopted by VCFs.

(a) 1

(b) 2

(c) 3

(d)4

Answer: c.3.

63. In ----- method the starting time & exit time of the venture investment is only considered.

- (a) Conventional valuation method
- (b) First chieago method
- (c) Revenue multiplier method
- (d) Critical Path Method

Answer: a. Conventional valuation method

64. In the ----- method the entire earnings stream of the venture investment is considered.

- (a) Conventional valuation method
- (b) First chieago method
- (c) Revenue multiplier method
- (d) Conditional Valuation

Answer: b. First chieago method

65. The ----- is used to estimate the annual revenue of the new company.

- (a) Revenue multiplier factor
- (b) Expense multiplier factor
- (c) Conventional multiplier factor
- (d) conditional multi

Answer: a. Revenue multiplier factor

66. ----- is an interest free loan provided by VCFs without any predetermined repayment schedule.

- (a) Conventional loan
- (b) Conditional loan
- (c) Income notes
- (d) Hire Purchase

Answer: b. Conditional loan

67. ----- Form of loan financing carries lower interest rates initially & increases when the assisted venture units become commercially operational.

- (a) Conventional loan
- (b) Conditional loan
- (c) Income notes
- (d) Hire purchase

Answer: a. Conventional loan

68. ----- are instruments which carry a lower interest rate plus a royalty on sales.

- (a) Income notes
- (b) Debt instrument
- (c) Equity instrument
- (d) Conventional Loan

Answer: a. Income notes

69. ----- is a combination of conventional and conditional loans.

- (a) Income notes
- (b) Debt instrument
- (c) Equity instrument
- (d) Hire Purchase

Answer: a. Income notes

70.. The venture capital process involves post investment Services is also called -----.

- (a) Investment nurturing
- (b) Turn around financing
- (c) Seed money
- (d) None of these.

Answer: a.Investment nurturing

71.. In ----- nurturing the VCFs play only a passive role in the affairs of the venture?

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

Answer: a.Hands on

72. -- ----- is known as promoters buy back.

- (a) Sale of shares to employees
- (b) Sale of shares to public
- (c) Sale of shares to friends & relatives
- (d) Sale shares to board of directors.

Answer: b. sale of shares to public

73. ----- is a forced exit option results from a failed venture investment.

- (a) Public issue
- (b) Liquidation
- (c) O TCEI route
- (d) Non liquidity

Answer: b.Liquidation

74. VCFs can be structured as an investment trust under the Indian act -----.

- (a) 1882
- (b) 1883
- (c) 1884
- (d) 1885.

Answer: a.1882

75. ----- Partner whose liability is unlimited.

- (a) General
- (b) limited
- (c) Venture
- (d) Unlimited.

Answer: a.General

76. There are ----- VCFs registered with SEBI.

- (a) 157
- (b) 158
- (c) 159
- (d) 160.

Answer: a.157

77. IDBI venture capital fund was starts in -----.

- (a)1987
- (b)1988
- (c)1989
- (d)1990.

Answer : a.1987

78. ----- was setup in 1989.

- (a) VECAUS
- (b)ICICI venture
- (c) IDBI VCF
- (d)Bank of India.

Answer: a.VECAUS

79. The first nationalized bank in India to start a VCF -----.

- (a)Canara bank
- (b)SBI
- (c)Bank of India
- (d)ICICI.

Answer: a. Canara Bank

80. ----- of the venture capital fund created by government and operated through IDBI.

- (a) TDICI
- (b) KSIDC
- (c) ICICI ventures
- (d) ICICI.

Answer: a.TDICI

81. ----- is the oldest private sector venture fund in India.

- (a) IVML
- (b) TDICI
- (c) KSIDC
- (d) ICICI venture.

Answer: a.IVML

82. SIDBI venture capital scheme started operation in -----.

- (a) 1992
- (b)1993
- (c)1994
- (d)1995.

Answer: b.1993

83. In.....only one factoring company is involved which provides all services including finance to the exporter.

- (a) Direct Export Factoring
- (b) Direct Import Factoring
- (c) Back to Back Factoring
- (d)Single Factoring

Answer: a. Direct Export Factoring

84. ----- is established to provide mezzanine finance to mid-cap companies in the knowledge based sector.

- (a) ICICI IT fund
- (b) ICICI structured products fund
- (c) ICICI global opportunity fund
- (d) None of these.

Answer: b. ICICI structured products fund

85. The first bank to set up a separate merchant banking division in India.

- (a) Punjab national bank
- (b) Standard chartered bank
- (c) National & Grin days bank
- (d) National city bank.

Answer: c.National & Grin days' bank

86. The first Indian commercial bank to set up a merchant banking division in 1972.

- (a) S B I
- (b) S B T
- (c) Bank of India.
- (d) Canara bank

Answer: a. SBI

87. Which of the following is not a fee-based financial service?

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

Answer: b.Lease financing

88. Which of the following is not a fund based financial services.

- (a) Credit rating agencies
- (b) Venture capital
- (c) Consumer credit
- (d) Factoring.

Answer: a.Credit rating agencies

89. All merchant bankers must have minimum net worth of -----.

- (a) 5crore
- (b) 1crore
- (c) 10crore
- (d) 20crore.

Answer: a.5crore

90. Find out odd one- Authorization criteria of merchant bankers.

- (a) All business performed
- (b) professional competence
- (c) Capital adequacy
- (d) Past experience.

Answer: a.All business performed

91. Financial intermediaries provide services on the basis of non-fund activities, also called -----

- (a) Participating activity
- (b) Fee based activity
- (c) Commission based activity
- (d) Salary based activity

Answer: b. Fee based activity

92. ----- covers the entire range of services provided by a merchant banker.

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

Answer: b. Corporate counseling

93. Functions of financial services exclude -----.

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

Answer: d. Collection of tax.

94. Financial service companies exclude -----.

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

Answer: c. Sole proprietorship

95. Specialized financial institution, are also known as -----.

- (a) Leasing companies
- (b) U T I
- (c) N B F C s
- (d) Development bank.

Answer: d. Development bank.

96. The minimum under writing obligation of a lead merchant banker is ----- of the total underwriting commitment.

- (a) 15%
- (b) 5%
- (c) 50%
- (d) 10%.

Answer: a. 15%

97. The maximum number of lead merchant bankers that can be appointed in the case the issue exceeds Rs. 100 crore less than Rs. 200 crore is -----.

- (a) 2
- (b) 3
- (c) 4
- (d) 5.

Answer: c. 4

98. Category 1 merchant bankers can act as .

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

Answer: d.All issue management functions.

99. Merchant bankers are .

- (a) Merchants
- (b) Banks
- (c) Neither merchants nor banks
- (d) Consultant

Answer: c.Neither merchants nor banks

100. shall not associate with any business other than that of the securities market.

- (a) Venture Capital
- (b) Merchant Banker
- (c) Hire purchase
- (d) Underwriter

Answer: b. Merchant Banker

101. All type of activities which are of a financial nature are called -----.

- (a) Financial market
- (b) Primary market
- (c) Capital market
- (d) Financial services.

Answer: d. financial services.

102. Find out oddone.

- (a) Fund based activity
- (b) Fee based activity
- (c) Modern activities
- (d) Purchase of raw materials.

Answer: d.Purchase of raw materials

103. The number of lead merchant bankers may not exceeds in case any issue of, issue size less than Rs.50crore, number of MBs -----.

- (a) 1
- (b) 3
- (c) 2
- (d) 4

Answer: c.2.

104. R O C stands for -----.

- (a) Registrar of companies
- (b) Registered companies
- (c) Registrar of consuler
- (d) Registrar of capital.

Answer: a.Registrar of companies

105. ----- is a written consent or authorization representing or acting on behalf of an individual in matters of business, private affairs or other legal matters.

- (a) Memorandum of understanding
- (b) R O C
- (c) Agreement
- (d) Power of authority.

Answer: d. Power of authority

106. Lead merchant banker should advise the issuer to enter into ----- with a particular intermediary for the purpose of issue management.

- (a) Memorandum of understanding
- (b) R O C
- (c) Agreement
- (d) Arrangement.

Answer: a. Memorandum of understanding

107. The number of lead merchant bankers may not exceed in case any issue of, issue size 200 crore to 400 crore.

- (a) 4
- (b) 3
- (c) 6
- (d) 5.

Answer: d. 5

108. The practice of discounting accommodation bills is known as:

- a) Supply Bills
- b) Kite Flying
- c) Grey Areas
- d) Reduced Supply

Answer: b) Kite Flying

109. ----- Are not accompanied by any documents that show that a trade has taken place between the buyer and the seller.

- (a) Demand Bill
- (b) Usance Bill
- (c) Documentary Bill
- (d) Clean Bill

Answer: d) Clean Bill

110. ----- are accompanied by documents that confirm that a trade has taken place between the buyer and the seller of goods.

- (a) Demand Bill
- (b) Usance Bill
- (c) Documentary Bill
- (d) Clean Bill

Answer: c) Documentary Bill

111. ----- is also called as time bill.

- (a) Demand Bill
- (b) Usance Bill

- (c) Documentary Bill
- (d) Clean Bill

Answer: b. Usance Bill

112. ----- is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it.

- (a) Lease finance
- (b) Venture capital
- (c) Merchant banker
- (d) Hire purchaser.

Answer: b. Venture capital

113. ----- is a method of renting assets.

- (a) Hire purchase
- (b) Lease
- (c) hedge finance
- (d) Credit rating.

Answer: b. Lease

114. ----- is a long term risk capital to finance high technology projects which involve risk but at same time has strong potential for growth.

- (a) Venture capital
- (b) hedge finance
- (c) Merchant banker
- (d) Hire purchaser.

Answer: a. Venture capital

115. ----- is the opinion of the rating agency on the relative ability and willingness of the issuer of debt instrument to meet the debt service obligations as and when they arise.

- (a) Credit rating
- (b) rating by merchant banker
- (c) merit rating
- (d) Operating feedback.

Answer: a. Credit rating

116. ----- Is payable immediately at sight or on presentment to the drawee.

- (a) Demand Bill
- (b) Usance Bill
- (c) Documentary Bill
- (d) Clean Bill

Answer: a) Demand Bill

117. Discounting of bills of exchange is an attractive ----- based financial service provided by the finance companies.

- (a) Fee
- (b) Fund
- (c) Opinion
- (d) Capital.

Answer: b. Fund

118. Factoring is method of raising ----- finance through account receivable credit offered by commercial banks and factors.

- (a) Long term
- (b) Medium term
- (c) short term
- (d) Capital..

Answer: c. Short term

119. Insurance is a -----.

- (a) Instrument
- (b) Contract
- (c) Agreement
- (d) Rating

Answer: c. Agreement.

120. ----- is a fund based financial service, provides resources of finance receivable as well as facilities the collection of receivables.

- (a) Leasing
- (b) hedge finance
- (c) Merchant banker
- (d) Factoring.

Answer: d. Factoring

121. ----- is a service offered by a stock broker ie; buying and selling or dealing in shares on behalf of the customers.

- (a) Lease finance
- (b) Venture capital
- (c) Merchant banker
- (d) Stock broking.

Answer: d. Stock broking.

122. N B H stands for -----.

- (a) National house banker
- (b) National house bank
- (c) National house building
- (d) New housing bank.

Answer: d. New housing bank

123. . N.B F C stands for.

- (a) Non-banking finance companies
- (b) Non-banking financial corporation
- (c) Non bulk finance companies
- (d) None of these.

Answer: a. Non-banking finance companies

124. . ----- are designed exclusively for the purpose of grading bonds according to their investments qualities.

- a) Credit rating
- b) Mutual funds
- c) Hypothecation

d) Higher purchase

Answer: a) Credit rating

125. . 103. Which of the following is not the non-fund based activities?

a) Securitization

b) Merchant banking

c) Loan syndication

d) Venture capital

Answer: d) Venture capital

126. . Which one of the following is not the fund based activities?

a) Underwriting

b) Credit rating

c) Hire purchase

d) Housing finance

Answer: b) Credit Rating

127. includes an extensive range of activities such as management of customer securities, portfolio management, project counselling, underwriting, etc.

a) Merchant banking

b) Leasing

c) Forfeiting

d) Factoring

Answer: a) merchant Banking

128. is an agreement under which a company or a firm acquires a right to make use of a capital asset like machinery, on payment of an agreed fee called 'rental charges'.

a) Merchant banking

b) Leasing

c) Forfeiting

d) Factoring

Answer: b) Leasing

129. Refers to investment in diversified portfolio with a view to spreading and minimizing the risk.

a) Merchant banking

b) Mutual fund

c) Leasing

d) Securitization of fund

Answer: b) Mutual Fund

130.refers to the process of managing the sales register of a client by a financial services company.

a) Merchant banking

b) Mutual fund

c) Leasing

d) Factoring

Answer: d) Factoring

131.is a technique by which a financing agency discounts an export bill and

pays ready cash to the exporter.

- a) Mutual fund
- b) Leasing
- c) Forfeiting
- d) Securitization of fund

Answer: c) Forfeiting