



IDEA INSTITUTE OF MANAGEMENT & TECHNOLOGY

3rd Floor, Kamar Trust Building, Aroma High School, Usmanpura, Ashram Road, Ahmedabad - 380013.

☎ : 2755 2040, 2755 2600, 9727 411 411 • www.ideaindia.org • info@ideaindia.org

Merchant Banking & Financial Services

11:00am to 1:00pm

Semester – IV (FIN)

June 13, 2010

SECTION A (ONE MARKS)

- (1) What is the factors affecting assigned ratings?
- (a) The character and terms of the particular security being issued
 - (b) The degree of protection extended to investors if the securities are liquidated, reorganized, and if the organization declares bankruptcy
 - (c) Both a and b
 - (d) None of the above

Answer : C

- (2) What is the advantages of factoring?

- (a) cost savings
- (b) leverage
- (c) liquidity
- (d) all of the above

Answer : D

- (3) What is the obligations of the bailee?

- (a) he is bound to take reasonable care of the leased asset.
- (b) he has an implied obligation not to act in a manner that is inconsistent with the terms of the agreement
- (c) he must return the goods on expiry of the time fixed or when the purpose is accomplished.
- (d) all of the above

Answer : D

- (4) What is the key characteristics of merchant bank?

- (a) High proportion of decision makers as a percentage of total staff
- (b) Quick decision process
- (c) High density of information
- (d) all of the above

Answer : D

- (5) Who all takes the part in factoring?

- (a) buyer of the goods who has to pay for them in credit firms
- (b) seller of goods, who has to realize credit sales from buyer
- (c) factor, who acts as agent in realizing credit sales from buyer and passes on the realized sum to the seller after deducting a commission
- (d) all of the above

Answer : D

- (6) What is the main activities of modern merchant banks?

- (a) manage individual funds
- (b) undertake foreign security business
- (c) issue capital
- (d) all of the above

Answer : D

A marketing manager who is intending to market his product will have to take decisions grading:

- (a) product
- (b) price
- (c) place
- (d) all of the above

Answer : D

(8) Older, dependent children still at home.

- (a) bachelors
- (b) Full nest I
- (c) Full nest II
- (d) Full nest III

Answer : D

(9) What is the functions of financial services?

- (a) fund raising
- (b) funds deployment
- (c) Specialized services
- (d) all of the above

Answer : D

(10) This rating indicates that the degree of safety regarding timely payment on the instrument is adequate.

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

Answer : C

(11) To makes or does to get things alone'.

- (a) introduction
- (b) factoring
- (c) definition
- (d) none of the above

Answer : D

(12) The _____ has to disclose all the essential facts about the company to the prospective purchasers of the shares

- (A) SEBI
- (B) Right shares
- (C) Right Issues
- (D) Prospectus

Answer : D

(13) The services being rendered by the merchant banking must be authorized by SEBI

- (A) True
- (B) False
- (C) Either True or False
- (D) None of these

Answer : A



IDEA INSTITUTE OF MANAGEMENT & TECHNOLOGY

3rd Floor, Kamar Trust Building, Aroma High School, Usmanpura, Ashram Road, Ahmedabad - 380013.

☎ : 2755 2040, 2755 2600, 9727 411 411 • www.ideaindia.org • info@ideaindia.org

- (14) UTI and MF lends for short-term funds through money market instruments
- (A) True
 - (B) False
 - (C) Either True or False
 - (D) None of these

Answer : A

(15) _____ are people whose principal concerns relate to capital adequacy, liquidity and credit quality of the ABS.

- (a) SPV
- (b) Trustee
- (c) Originator
- (d) Regulator

Answer : D

(16) CRSIL has been promoted by _____

- (A) Industrial Credit and Investment corporation
- (B) SEBI
- (C) RBI
- (D) Unit Trust of India

Answer : A

(17) _____ are drawn by contractors on the government department for the goods supplied to them

- (A) Treasury Bill
- (B) Invoice
- (C) Commercial Bill
- (D) Supply Bills

Answer : D

(18) _____ is the fundamental aspect that satisfies the customer needs and wants.

- (a) Product
- (b) Price
- (c) Place
- (d) Place

Answer : A

(19) What is the factors influencing the buying decision?

- (a) age and family cycle stages
- (b) occupation
- (c) Economic circumstances
- (d) all of the above

Answer : D

(20) Which of the following is not a quality of a brand name?

- (a) Suggest product's benefits, product or service
- (b) Similarity
- (c) Easy to spell, pronounce and remember
- (d) No negative international carryover meanings

Answer : B

SECTION B

(21) offers high value credit for the elite.

- (a) revolving credit card
- (b) gold card
- (c) Standard card
- (d) business card

Answer : B

(22) In India, the Credit Rating and information Services of India Ltd (CRISIL) was set up as the first agency in_____.

- (a) 1986
- (b) 1987
- (c) 1985
- (d) 1984

Answer : B

(23) Under this, the Factor discounts the invoices of the seller at a pre-agreed credit himself with the institutions providing finder.

- (a) Disclosed factoring
- (b) undisclosed factoring
- (c) discount factoring
- (d) cross border factoring

Answer : C

(24) _____ is the supreme monetary and credit authority at the apex level in India.

- (a) SEBI
- (b) RBI
- (c) SBI
- (d) none of the above

Answer : B

(25) _____ .There are stock exchanges recognized by the Central Government under the Securities Contracts (Regulation) Act, 1956.

- (a) 21
- (b) 20
- (c) 23
- (d) 27

Answer : C

(26) In the United Kingdom, merchant banks came on the scene in the late_____.

- (a) 19th Century
- (b) 18th Century
- (c) 21st Century
- (d) 17th Century

Answer : B

(27) Which of the following is a part of Cost of Hire purchase?

- (a) Down payment
- (b) Service charges
- (c) Present value of hire purchase discounted by cost of debt
- (d) All of the above

Answer : D

(28) Cards that are valid only in India and Nepal are called _____

- (a) International Card
- (b) Standard Card
- (c) Charge Card
- (d) Domestic Card

Answer : D

(29) Indian Money Market is broadly divided into two parts (1) _____ & (2) _____

- (a) Financial intermediaries, Homogenous Sector
- (b) Unorganized, Financial intermediaries
- (c) Unorganized, Organized
- (d) Organized, Indian Money Market

Answer : C

(30) When repaying by instalments to a supplier for a hire purchase, the double entry to record this repayment would be: Debit Credit
A. Profit & Loss-Supplier
B. Cashbook-Asset
C. Supplier-Cashbook
D. Profit & Loss-Cashbook

- (a) A
- (b) B
- (c) C
- (d) D

Answer : C

(31) When making repayments on a lease, the profit and loss account will contain which items relevant to the lease?

- (a) Neither interest or instalment charges
- (b) Interest and instalment charges
- (c) Interest only
- (d) Instalment charges only

Answer : C

() SECTION C

(32) These are other various types of organization rendering varied types of services to the capital market.

- (a) Non-bank Statutory Financial Institutions
- (b) Miscellaneous services organizations
- (c) stock exchange
- (d) state-level financial institutions

Answer : B

(33) In this case, the name of the proposed Factor is mentioned on the face of the invoice made out by the seller of goods.

- (a) Disclosed factoring
- (b) undisclosed factoring
- (c) discount factoring
- (d) cross border factoring

Answer : A

(34) What are the main objectives of OTCEI?

(a) to enable the companies to raise capital in a convenient and cost-effective manner and thereby reducing the cost of public issue

(b) to enable even small companies to "Go Public"

(c) it includes the closure held companies to come to capital market

(d) all of the above

Answer : D

(35) What is the forms taken by security issue?

(a) Public issue

(b) Rights issue

(c) Private placement

(d) all of the above

Answer : D

(36) Match the following

(i) One who creates assets that - (i) Credit enhancer are used as collateral

(ii) One who purchases the securities - (ii) Servicer for resale (iii) One who

reduces the overall risk - (iii) Originator of a security issue (iv) One who bears all administrative - (iv) Merchant banker responsibilities of securitization

(a) iii, iv, i, ii

(b) iii, i, ii, iv

(c) i, ii, iii, iv

(d) ii, i, iii, iv

Answer : A

(37) The exporter sells and delivers the goods to the importer on a _____ basis

(a) Factoring

(b) Deferred Payment

(c) Deferred Credit

(d) Contract

Answer : B

(38) Adequate safety.

(a) FAAA

(b) FAA

(c) FA(d) FB

Answer : B