

Roll. No.

Question Booklet Number

O.M.R. Serial No.

--	--	--	--	--	--	--	--

**B.Com. (Hons.) (SEM.-V) (NEP) (SUPPLE.)
EXAMINATION, 2024-25
COMMERCE (AFS)
(Financial Institutions and Services)**

Paper Code							
Z	0	1	0	1	0	3	T

(BCH-506)

Question Booklet
Series

A

Time : 1 : 30 Hours

Max. Marks : 75

Instructions to the Examinee :

1. Do not open the booklet unless you are asked to do so.
2. The booklet contains 100 questions. Examinee is required to answer 75 questions in the OMR Answer-Sheet provided and not in the question booklet. All questions carry equal marks.
3. Examine the Booklet and the OMR Answer-Sheet very carefully before you proceed. Faulty question booklet due to missing or duplicate pages/questions or having any other discrepancy should be got immediately replaced.
4. Four alternative answers are mentioned for each question as - A, B, C & D in the booklet. The candidate has to choose the correct / answer and mark the same in the OMR Answer-Sheet as per the direction :

(Remaining instructions on last page)

परीक्षार्थियों के लिए निर्देश :

1. प्रश्न-पुस्तिका को तब तक न खोलें जब तक आपसे कहा न जाए।
2. प्रश्न-पुस्तिका में 100 प्रश्न हैं। परीक्षार्थी को 75 प्रश्नों को केवल दी गई OMR आन्सर-शीट पर ही हल करना है, प्रश्न-पुस्तिका पर नहीं। सभी प्रश्नों के अंक समान हैं।
3. प्रश्नों के उत्तर अंकित करने से पूर्व प्रश्न-पुस्तिका तथा OMR आन्सर-शीट को सावधानीपूर्वक देख लें। दोषपूर्ण प्रश्न-पुस्तिका जिसमें कुछ भाग छपने से छूट गए हों या प्रश्न एक से अधिक बार छप गए हों या उसमें किसी अन्य प्रकार की कमी हो, उसे तुरन्त बदल लें।
4. प्रश्न-पुस्तिका में प्रत्येक प्रश्न के चार सम्भावित उत्तर- A, B, C एवं D हैं। परीक्षार्थी को उन चारों विकल्पों में से सही उत्तर छानना है। उत्तर को OMR उत्तर-पत्रक में सम्बन्धित प्रश्न संख्या में निम्न प्रकार भरना है :

(शेष निर्देश अन्तिम पृष्ठ पर)

1. Which of the following best defines a financial institution?
 - (A) A firm that only accepts deposits
 - (B) An organization that provides financial services like loans, investments, and asset management
 - (C) A government agency regulating trade
 - (D) A company that manufactures goods
2. Which is NOT a role of financial institutions in India?
 - (A) Mobilizing savings
 - (B) Providing long-term capital
 - (C) Manufacturing goods
 - (D) Facilitating payment systems
3. Which of the following is an example of a Development Financial Institution (DFI) in India?
 - (A) SIDBI
 - (B) HDFC Bank
 - (C) Paytm Payments Bank
 - (D) Muthoot Finance
4. Financial institutions help in capital formation primarily by:
 - (A) Printing currency
 - (B) Mobilizing savings and channeling them into productive use
 - (C) Collecting taxes
 - (D) Promoting exports
5. Which type of financial institution specializes in long-term project finance for industries?
 - (A) Insurance companies
 - (B) Development Banks
 - (C) Microfinance institutions
 - (D) Commercial Banks
6. Merchant banking in India primarily deals with:
 - (A) Accepting savings deposits
 - (B) Issuing credit cards
 - (C) Managing capital issues and providing advisory services
 - (D) Conducting foreign exchange transactions only
7. Which of the following is NOT a function of merchant bankers?
 - (A) issue management
 - (B) Portfolio management
 - (C) Market-making for commodities
 - (D) Underwriting of shares
8. Who regulates merchant bankers in India?
 - (A) RBI
 - (B) SEBI
 - (C) Ministry of Finance
 - (D) NABARD

9. According to SEBI, merchant bankers are categorized based on:
- (A) Paid-up capital and services offered
 - (B) Branch network and customer base
 - (C) Age of the company
 - (D) Volume of trading done on stock exchange
10. Which category of merchant bankers can act as a lead manager for public issues?
- (A) Category I
 - (B) Category II
 - (C) Category III
 - (D) Category IV
11. Lead managers in merchant banking are primarily responsible for:
- (A) Determining the issue price and managing the capital issue process
 - (B) Approving SEBI guidelines
 - (C) Auditing listed companies
 - (D) Printing share certificates
12. Underwriting of shares by merchant bankers means:
- (A) Guaranteeing the sale of shares to the public
 - (B) Purchasing all shares at face value
 - (C) Only selling shares to promoters
 - (D) Offering shares at discount
13. One of the key functions of merchant bankers in issue management is:
- (A) Drafting the prospectus and obtaining SEBI approval
 - (B) Printing share certificates
 - (C) Monitoring trading in stock exchanges
 - (D) Handling customer deposits
14. Which of the following is NOT typically provided by merchant banking services?
- (A) Corporate advisory services
 - (B) Mergers & acquisitions advice
 - (C) Savings account facilities
 - (D) Private placement of securities
15. The main objective of SEBI regulating merchant bankers is:
- (A) Promoting foreign trade
 - (B) Protecting investors and ensuring fair market practices
 - (C) Fixing interest rates
 - (D) Collecting taxes
16. Which of the following is a primary market activity?
- (A) Buying shares on NSE
 - (B) Trading existing shares between investors
 - (C) IPO (Initial Public Offering) of shares by a company
 - (D) Stock market speculation

17. The secondary market is also called:
- New issue market
 - Derivatives market
 - Aftermarket or stock exchange
 - Primary capital market
18. Which of the following is NOT part of the Indian capital market?
- Equity market
 - Debt market
 - Money market
 - Derivatives market
19. The main function of SEBI in the Indian capital market is to:
- Print currency
 - Regulate and protect investors' interests
 - Collect income tax
 - Manage foreign exchange reserves
20. SEBI was established in which year?
- 1985
 - 1988
 - 1991
 - 1992 (Statutory powers)
21. Which of the following powers does SEBI NOT have?
- To regulate stock exchanges
 - To impose penalties on insider trading
 - To print currency notes
 - To regulate mutual funds
22. Which of these is a key objective of SEBI?
- Encourage monopoly power in markets
 - Protect investors and develop capital markets
 - Fix exchange rates
 - Promote only foreign investors
23. The capital market in India is regulated by:
- RBI only
 - SEBI only
 - Both RBI and SEBI (depending on instruments)
 - Ministry of Finance only
24. A company raising funds through an IPO must file its prospectus with:
- RBI
 - SEBI
 - Ministry of Corporate Affairs
 - IRDAI
25. Which of the following activities is considered unfair trade practice in the capital market?
- insider trading
 - Listing shares on stock exchange
 - Publishing audited reports
 - Appointing a lead manager for issue

26. A lease where the lessor recovers the full cost of the asset plus profit during the lease term is called:
- (A) Operating lease
 - (B) Finance lease
 - (C) Leveraged lease
 - (D) Sale and leaseback
27. In a sale and leaseback transaction, the:
- (A) Lessee sells the asset to the lessor and takes it back on lease
 - (B) Lessor sells the asset to another lessor
 - (C) Lessee buys the asset from the lessor
 - (D) Vendor finances the asset through HP
28. Which of the following is a leveraged lease?
- (A) Lessor funds asset fully with own equity
 - (B) Lessor finances partly with debt from lenders secured by the lease
 - (C) Lessee finances the asset himself
 - (D) Vendor funds the whole cost of the asset
29. From a tax perspective in India, depreciation on a leased asset is claimed by:
- (A) Lessee
 - (B) Lessor
 - (C) Both lessee and lessor
 - (D) Government only
30. In lease evaluation, the lease rental payment is considered:
- (A) A capital expenditure
 - (B) An operating expense deductible for tax
 - (C) A dividend payout
 - (D) A non-cash item
31. Financial evaluation of leasing decisions usually uses:
- (A) Payback period only
 - (B) Net Present Value (NPV) and Internal Rate of Return (IRR)
 - (C) Profit margin ratio
 - (D) Inventory turnover
32. One key qualitative factor influencing lease decisions is:
- (A) Asset obsolescence risk
 - (B) Present value of lease payments
 - (C) Tax rate differential
 - (D) Cost of capital

33. Which of the following is true about an operating lease?
- (A) Lessee shows the asset on its balance sheet
 - (B) Risk of obsolescence is with the lessor
 - (C) Lessee claims depreciation
 - (D) It is usually long-term and non-cancellable
34. A captive lease financier is:
- (A) A leasing company owned by an equipment manufacturer
 - (B) A government leasing body
 - (C) A bank's leasing division
 - (D) A venture capital fund
35. In a lease agreement, the termination clause refers to:
- (A) Conditions under which the lease can be cancelled early
 - (B) Ownership transfer rules
 - (C) Insurance of leased asset
 - (D) Tax benefits allowed
36. Under Indian accounting standards, a finance lease is shown in the books of the lessee as:
- (A) An intangible asset
 - (B) leased asset with liability equal to PV of lease rentals
 - (C) A simple rental expense
 - (D) Only a footnote disclosure
37. In hire purchase, if the hirer defaults on payment:
- (A) Ownership automatically passes
 - (B) Vendor may repossess the goods
 - (C) Lessee can continue using asset without paying
 - (D) Vendor has no right over asset
38. Under a hire purchase agreement, interest is:
- (A) Not charged at all
 - (B) Included in each installment
 - (C) Paid as a lump sum at the end
 - (D) Paid before delivery
39. Hire purchase is most suitable for:
- (A) Buying perishable goods
 - (B) Large capital assets requiring installment payments
 - (C) Short-term service contracts
 - (D) Financial securities
40. In lease vs. hire purchase, ownership transfer happens:
- (A) Immediately in both
 - (B) At start of lease
 - (C) After final HP installment but not in lease
 - (D) Automatically after 1 year

41. One of the legal aspects of a lease agreement is:
- (A) Clear specification of asset ownership remaining with lessor
 - (B) Compulsory insurance by government
 - (C) Automatic transfer of title
 - (D) No requirement of written contract
42. Which of the following is NOT an advantage of leasing for the lessor?
- (A) Regular rental income
 - (B) Tax benefits from depreciation
 - (C) Risk-free guaranteed asset value
 - (D) Asset ownership retention
43. In India, hire purchase agreements are governed mainly by:
- (A) Indian Contract Act and Hire Purchase Act (proposed)
 - (B) Companies Act only
 - (C) SEBI Act
 - (D) Income Tax Act only
44. Venture capital funding is typically aimed at:
- (A) Mature low-risk companies
 - (B) Start-ups and innovative projects with high risk
 - (C) Only government infrastructure projects
 - (D) Consumer loans
45. Which of the following is a stage of venture capital financing?
- (A) Bridge financing
 - (B) Tax financing
 - (C) Deposit financing
 - (D) Collateral financing
46. A major risk for venture capitalists is:
- (A) Guaranteed interest cost
 - (B) Failure of the new business idea
 - (C) High liquidity of investment
 - (D) Fixed repayment schedule
47. In India, venture capital funds are regulated by:
- (A) RBI
 - (B) SEBI (AIF Regulations)
 - (C) Ministry of Finance only
 - (D) IRDAI
48. Which is a common exit strategy for venture capital investors?
- (A) IPO (Initial Public Offering) of the investee company
 - (B) Fixed monthly dividends
 - (C) Asset foreclosure
 - (D) Surrendering shares to government

49. One key reason for the growth of venture capital in India is:
- (A) Decline of technology-based businesses
 - (B) Liberalization and supportive SEBI regulations
 - (C) Ban on foreign VC participation
 - (D) High guaranteed returns
50. Venture capitalists usually expect returns in the form of:
- (A) Regular interest income
 - (B) Capital gains on equity when the company succeeds
 - (C) Government subsidies
 - (D) Asset mortgage payments
51. Credit rating primarily refers to:
- (A) Assessing the profitability of a company
 - (B) Evaluating the creditworthiness of a borrower or security
 - (C) Checking tax compliance
 - (D) Calculating market share
52. Which of the following is NOT a purpose of credit rating?
- (A) Helping investors assess risk
 - (B) Helping issuers raise funds
 - (C) Guaranteeing repayment of debt
 - (D) Facilitating market efficiency
53. A credit rating agency is an institution that:
- (A) Lends money to companies
 - (B) Provides an independent opinion on credit risk
 - (C) Regulates stock exchanges
 - (D) Audits company accounts
54. In India, which of the following is a recognized credit rating agency?
- (A) Moody's
 - (B) CRISIL
 - (C) Fitch (US-based)
 - (D) IMF
55. Which of the following was the first credit rating agency established in India?
- (A) ICRA
 - (B) CARE
 - (C) CRISIL
 - (D) Brickwork Ratings
56. Credit ratings are generally expressed using:
- (A) Alphabetical symbols like AAA, AA
 - (B) Numerical ratios only
 - (C) Percentage marks
 - (D) Market capitalization values

57. The highest credit rating usually assigned to long-term debt instruments is:
- (A) BBB
 - (B) BB
 - (C) AAA
 - (D) A+
58. In a rating scale, "D" generally indicates:
- (A) Default risk
 - (B) Highest safety
 - (C) Moderate risk
 - (D) Stable outlook
59. Which of the following is NOT a factor considered in credit rating?
- (A) Industry risk
 - (B) Management quality
 - (C) Political stability
 - (D) Company logo design
60. One function of credit rating agencies is to:
- (A) Set interest rates
 - (B) Provide unbiased risk assessment for investors
 - (C) Give tax rebates
 - (D) Act as market maker
61. In India, credit rating agencies are regulated by:
- (A) Reserve Bank of India (RBI)
 - (B) Ministry of Finance
 - (C) Securities and Exchange Board of India (SEBI)
 - (D) Indian Banks' Association
62. The rating process of credit rating agencies usually begins with:
- (A) Assignment of symbols
 - (B) Receipt of mandate from the issuer
 - (C) Publication in newspapers
 - (D) Approval from SEBI
63. During the rating process, analysts generally perform:
- (A) Detailed financial and management analysis
 - (B) Only a tax audit
 - (C) Only market price analysis
 - (D) RBI inspection
64. A rating watch indicates:
- (A) Stable credit rating
 - (B) Possible revision of rating due to events
 - (C) No rating given
 - (D) Government guarantee
65. Which of these is a type of credit rating?
- (A) Sovereign rating
 - (B) Corporate rating
 - (C) Bank loan rating
 - (D) All of the above
66. A downgrade in credit rating generally implies:
- (A) Lower risk and higher safety
 - (B) Increased risk of default
 - (C) Increase in creditworthiness
 - (D) Stable performance

67. Which of the following instruments may be rated by credit rating agencies?
- (A) Bonds and debentures
 - (B) Commercial paper
 - (C) Structured finance products
 - (D) All of the above
68. Factoring is best defined as:
- (A) Sale of goods on credit
 - (B) Sale of accounts receivable to a financial institution at a discount
 - (C) Issue of equity shares
 - (D) Giving bank overdraft
69. In a factoring arrangement, the entity that buys the receivables is called:
- (A) Client
 - (B) Factor
 - (C) Drawee
 - (D) Payee
70. Which of the following is NOT a characteristic of factoring?
- (A) Immediate cash flow for the seller
 - (B) Collection of receivables by the factor
 - (C) Long-term project financing
 - (D) Protection against bad debts (in some types)
71. In recourse factoring, the:
- (A) Factor bears the bad debt risk
 - (B) Client bears the bad debt risk
 - (C) Government guarantees payment
 - (D) Buyer of goods bears risk
72. In non-recourse factoring, the:
- (A) Factor assumes the credit risk of the debtor
 - (B) Client must repay in case of default
 - (C) Only banks can act as factors
 - (D) Buyer pays directly to seller
73. Which of the following is a type of factoring used in international trade?
- (A) Domestic factoring
 - (B) Export factoring
 - (C) Invoice discounting
 - (D) Retail factoring
74. Factoring provides benefit to clients by:
- (A) Improving liquidity and working capital
 - (B) Increasing tax liability
 - (C) Reducing product price
 - (D) Eliminating all business risk
75. The main difference between factoring and a bank loan is:
- (A) Factoring is based on sale of receivables, not collateral lending
 - (B) Factoring has fixed interest
 - (C) Bank loan is always unsecured
 - (D) Factoring cannot be used by small firms

76. Forfaiting is primarily used in:
- (A) Domestic short-term sales
 - (B) International trade finance for medium/long-term receivables
 - (C) Retail banking
 - (D) Mutual funds
77. The key distinction between factoring and forfaiting is:
- (A) Factoring is usually for short-term receivables, forfaiting for medium/long-term
 - (B) Factoring is always non-recourse
 - (C) Forfaiting deals only with domestic invoices
 - (D) Forfaiting involves no discounting
78. In forfaiting, the financier is usually a:
- (A) Forfeiter (specialized financial institution)
 - (B) Seller's customer
 - (C) Government body
 - (D) Bank employee only
79. Which of the following is an advantage of forfaiting for exporters?
- (A) Immediate cash without recourse to exporter
 - (B) Guaranteed low interest rates
 - (C) Free marketing support
 - (D) Tax exemption on exports
80. A key difference between factoring and forfaiting is:
- (A) Factoring is domestic; forfaiting is mainly used in cross-border trade
 - (B) Forfaiting always involves equity finance
 - (C) Factoring deals with government bonds
 - (D) Both require borrower collateral
81. Securitization is best defined as:
- (A) Converting illiquid assets into marketable securities
 - (B) Insuring company assets against risk
 - (C) Creating stock exchanges
 - (D) Printing government bonds
82. The first step in a securitization process is:
- (A) Issuing pass-through certificates
 - (B) Pooling of financial assets
 - (C) Listing on stock exchange
 - (D) Government approval
83. Which of the following assets is commonly securitized?
- (A) Fixed assets
 - (B) Receivables and loans
 - (C) Office buildings
 - (D) Cash reserves

84. The special purpose vehicle (SPV) in securitization is created to:
- (A) Manufacture securities
 - (B) Hold pooled assets and issue securities to investors
 - (C) Replace the lending bank
 - (D) Regulate credit rating agencies
85. One major benefit of securitization for the originator is:
- (A) Increasing tax liability
 - (B) Immediate liquidity by selling future cash flows
 - (C) Avoiding asset risk transfer
 - (D) Lowering investor confidence
86. Pass-Through Certificates (PTCs) represent:
- (A) Equity ownership in the SPV
 - (B) Direct claim on cash flows from pooled assets
 - (C) Government guarantee for debt
 - (D) Insurance policy
87. Which of the following is NOT a typical participant in securitization?
- (A) Originator
 - (B) SPV
 - (C) Servicer
 - (D) Central Bank Governor
88. In India, securitization activities are regulated by:
- (A) SEBI and RBI
 - (B) Ministry of Finance
 - (C) IRDAI
 - (D) NABARD
89. Discounting of bills means:
- (A) Selling a bill of exchange before maturity to a bank for cash at a discount
 - (B) Charging penalty on overdue bills
 - (C) Issuing equity to pay bills
 - (D) Cancelling a bill before payment
90. Rediscounting of bills refers to:
- (A) A bank selling a discounted bill to another financial institution before maturity
 - (B) Cancelling a previously discounted bill
 - (C) Selling bills directly to the customer
 - (D) Charging extra discount after due date
91. The party that first discounts a bill is usually:
- (A) RBI
 - (B) Commercial bank
 - (C) SEBI
 - (D) Insurance company
92. Rediscounting facilities in India are mainly provided by:
- (A) IRDAI
 - (B) NABARD
 - (C) RBI and SIDBI
 - (D) SEBI

93. Electronic money refers to:
- (A) Only paper currency stored in banks
 - (B) Monetary value stored electronically for making payments
 - (C) Foreign exchange reserves
 - (D) Coins used in vending machines
94. Which of the following is an example of electronic money?
- (A) Demand draft
 - (B) Credit card payment
 - (C) Debit card linked to an account
 - (D) Smart card with stored value
95. A smart card can be best described as:
- (A) Plastic card with magnetic stripe only
 - (B) Card with embedded microchip to store and process data
 - (C) ATM-only access card
 - (D) Paper card with QR code
96. Digital cash is:
- (A) Physical coins for online shopping
 - (B) Electronic currency that can be stored and transferred digitally
 - (C) Cheque book replacement
 - (D) Government bonds
97. Which of the following is NOT an advantage of digital cash?
- (A) Instant transfer
 - (B) Reduced physical handling cost
 - (C) Guaranteed anonymity with no fraud risk
 - (D) Usable for online payments
98. Home banking primarily allows customers to:
- (A) Visit bank branches from home
 - (B) Access banking services from home through phone or internet
 - (C) Deposit physical cash at home
 - (D) Replace ATMs
99. Virtual banking refers to:
- (A) Banks operating fully online without physical branches
 - (B) Banks offering only ATMs
 - (C) Trading of virtual currencies
 - (D) Temporary bank branches
100. A key advantage of virtual banking for banks is:
- (A) Lower operating costs due to no physical branches
 - (B) Guaranteed increase in interest rates
 - (C) Complete elimination of cyber risk
 - (D) Free money printing rights

रफ कार्य

Example :

Question :

Q.1 (A) ● (C) (D)

Q.2 (A) (B) ● (D)

Q.3 (A) ● (C) (D)

5. Each question carries equal marks. Marks will be awarded according to the number of correct answers you have.
6. All answers are to be given on OMR Answer Sheet only. Answers given anywhere other than the place specified in the answer sheet will not be considered valid.
7. Before writing anything on the OMR Answer Sheet, all the instructions given in it should be read carefully.
8. After the completion of the examination, candidates should leave the examination hall only after providing their OMR Answer Sheet to the invigilator. Candidate can carry their Question Booklet.
9. There will be no negative marking.
10. Rough work, if any, should be done on the blank pages provided for the purpose in the booklet.
11. To bring and use of log-book, calculator, pager & cellular phone in examination hall is prohibited.
12. In case of any difference found in English and Hindi version of the question, the English version of the question will be held authentic.

Impt. On opening the question booklet, first check that all the pages of the question booklet are printed properly. If there is any discrepancy in the question Booklet, then after showing it to the invigilator, get another question Booklet of the same series.

उदाहरण :

प्रश्न :

प्रश्न 1 (A) ● (C) (D)

प्रश्न 2 (A) (B) ● (D)

प्रश्न 3 (A) ● (C) (D)

5. प्रत्येक प्रश्न के अंक समान हैं। आपके जितने उत्तर सही होंगे, उन्हीं के अनुसार अंक प्रदान किये जायेंगे।
6. सभी उत्तर केवल ओ०एम०आर० उत्तर-पत्रक (OMR Answer Sheet) पर ही दिये जाने हैं। उत्तर-पत्रक में निर्धारित स्थान के अलावा अन्यत्र कहीं पर दिया गया उत्तर मान्य नहीं होगा।
7. ओ०एम०आर० उत्तर-पत्रक (OMR Answer Sheet) पर कुछ भी लिखने से पूर्व उसमें दिये गये सभी अनुदेशों को सावधानीपूर्वक पढ़ लिया जाये।
8. परीक्षा समाप्ति के उपरान्त परीक्षार्थी कक्ष निरीक्षक को अपनी OMR Answer Sheet उपलब्ध कराने के बाद ही परीक्षा कक्ष से प्रस्थान करें। परीक्षार्थी अपने साथ प्रश्न-पुस्तिका ले जा सकते हैं।
9. निगेटिव मार्किंग नहीं है।
10. कोई भी रफ कार्य, प्रश्न-पुस्तिका में, रफ-कार्य के लिए दिए खाली पेज पर ही किया जाना चाहिए।
11. परीक्षा-कक्ष में लॉग-बुक, कैल्कुलेटर, पेजर तथा सेल्युलर फोन ले जाना तथा उसका उपयोग करना वर्जित है।
12. प्रश्न के हिन्दी एवं अंग्रेजी रूपान्तरण में भिन्नता होने की दशा में प्रश्न का अंग्रेजी रूपान्तरण ही मान्य होगा।

महत्वपूर्ण: प्रश्नपुस्तिका खोलने पर प्रथमतः जाँच कर देख लें कि प्रश्नपुस्तिका के सभी पृष्ठ भलीभाँति छपे हुए हैं। यदि प्रश्नपुस्तिका में कोई कमी हो, तो कक्षनिरीक्षक को दिखाकर उसी सिरिज की दूसरी प्रश्नपुस्तिका प्राप्त कर लें।