

**BACHELOR OF BUSINESS ADMINISTRATION
SIXTH SEMESTER
FINANCIAL SERVICES
BBA – 604C**

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

Marks: 20

(Objective)

Choose the correct answer from the following:

1 × 20 = 20

1. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as
 - a. Portfolio
 - b. Investment
 - c. Speculation
 - d. Gambling
2. Which of the following is not a feature of stock exchange?
 - a. Market for securities
 - b. Deals in first hand securities
 - c. Regulates trade in securities
 - d. Both A and B
3. Which of the following bodies regulated mutual fund in India?
 - a. Reserve Bank of India
 - b. Banking Regulation Act
 - c. SEBI
 - d. IRDAI
4. Find the incorrectly match from the following statement.
 - a. Transaction Exposure- risk involved in dealing with multiple currency across border.
 - b. Transaction exposure - risk arises due the changes in the book value of the parent's investment in the subsidiary, resulting in loss to the parent company.
 - c. Economic Exposure- risks that associated with the changes in the present value of a firm, an asset or a liability on account of the exchange rate change
 - d. Country exposure – risk associated with the attitude, perception and cognitive ability of the resident of a particular country.
5. 7 SIP stands for
 - a. Systematic Investment Plan
 - b. Simple Investment Plan
 - c. Simplified Investment Programme
 - d. Single Investment Plan
6. Arrange the following sequence of investment in mutual funds from investment platform.
 - A. Choose the payment type (SIP or lump-sum) and the amount
 - B. Create an account with the investment platform
 - C. Fill in the few personal details like PAN and bank details
 - D. Pick up the scheme or plan
 - E. Transfer money online to complete the investment.
 - a. BDCAE
 - b. ABCDE
 - c. BDACE
 - d. DEABC

7. Arrange the steps involved in the stages of factoring in a correct sequence.
- Factor after deducting its fees and other charges pays the balance amount to the client
 - Factor makes the prepayment of invoice to the client.
 - Client delivers the goods and instructs the customer to make payment to the factor
 - Customer makes the payment to the factor
 - Customer (buyer) places the order to the client (seller)
- CDBAE
 - EDCBA
 - ECDBA
 - ACDBA
8. Assertion: Mutual funds provides a lucrative opportunity to the small investors make investment in a securities and gain through interest and capital appreciation.
Reason: Mutual funds diversified the risk involved in investment.
- Both A and R is true but R is not the correct explanation of A
 - Both A and R is true and R is the correct explanation of A
 - A is true, R is false
 - A is false, R is true
9. Which of the following statement in context of hire purchase is correct?
- Under hire purchase system, the buyer takes possession of goods immediately and agrees to pay the total hire purchase price in installments.
 - The ownership of the goods passes from the seller to the buyer on the payment of the first installment.
 - Each installment is treated as hire charges
 - The hirer has the right to terminate the agreement any time before the property passes.
- A, B, C and D
 - A, C and D
 - B, C and D
 - A, B and D
10. In which of the stages of venture capitalist, the capital is provides for meeting expenditure in relation to product development and prototype?
- Seed Capital
 - First phase Capital
 - Second Round Capital
 - None of the above.
11. Which of the following are not the distinct characteristics of financial services?
- Intangibility
 - Separability
 - Imperishability
 - Tangibility
 - Human dominance
- A, C and E
 - B, C and D
 - A and E
 - A, B, C and D
12. Which of the following are the challenges faced by financial services industry?
- Lack of awareness among investor
 - Lack of qualified personnel
 - Mobilization of resources
 - Lack of efficient management
 - Elimination of regional disparity

- a. A, B, C and D
c. C and E
- b. A, B and D
d. B, C, D and E
13. In which of the leasing types, the lessor lease the assets to a number of lessee over expected life of an assets?
a. Financial lease
c. Sale and lease
- b. Operational lease
d. Domestic lease
14. Which of the following is not the distinct Features of venture capital?
A. Venture capital intends to retain his investment in the investee company for ever.
B. Venture capital mainly invests in debt proportion of the capital structure.
C. Venture capitalist invests in highly risky and profitable projects based on feasibility.
D. Venture capital intends to act as a owner of the company and exercise control over board of director.
- a. A, B and D
c. C and D
- b. B, C and D
d. Only C
15. A set of complex and closely connected instructions, agents, practices, markets transactions, claims and liabilities relating to financial aspects of an economy is referred as
a. Financial system
c. Financial institution
- b. Financial market
d. Financial services
16. From the following identify the parties involved in factoring
a. Buyer, seller and factor
c. Only Seller
- b. Buyer and seller
d. Only Buyer
17. Which of the following risk is regarded as Systematic Risk?
A. Market Risk
B. Interest Rate Risk
C. Operational risk
D. Purchasing Power Risk
E. Business risk
- a. B, C and E
c. A, B and D
- b. A, B and C
d. C, D and E
18. Risk due to internal environment of a firm or those affecting particular industry are referred to as
a. Unsystematic risk
c. Normal risk
- b. Systematic risk
d. Abnormal risk
19. In factoring, there is quasi contract involved
a. Between debtor (buyer) and the seller
c. Between seller and factor
- b. Between debtor (buyer) and the factor.
d. None of the above
20. Which of the following is not a type of factoring?
a. Recourse factoring
c. Full factoring
- b. Non-recourse factoring
d. None of the above.

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. What are financial services? Explain the characteristic of financial services. Explain the challenges faced by financial services industry prevailing in India . 2+3+5=10
2. Explain the concept of merchant banking. Illustrate how merchant banking is different from commercial banking. Enumerate the role of merchant banking in issue management. 2+3+5=10
3. Explain the meaning of leasing. How many parties are involved in leasing? Enumerate the different type of lease. 2+3+5=10
4. What is financial risk management? What are the different forms of risk involved in financial risk management? suggest a method or way to mitigate the risk involved in investment 2+3+5=10
5. What do you mean by venture capital? Highlight the distinct characteristic of venture capitalist. Enumerate the advantages and disadvantages of venture capitalist 2+3+5=10
6. State the meaning of factoring. Illustrate the parties constituting the factors. Enumerate the advantage of factoring from both the parties prospective. 2+3+5=10
7. Discuss the various stages involved in the process of venture capitalist. Highlight the challenges faces by venture capitalist 5+5=10
8. What is mutual fund? State the different types of mutual fund. How is mutual fund different from any other form of investment? 2+3+5=10

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