

**SSR DEGREE COLLEGE NIZAMABAD
(AUTONOMOUS)**

SEM – II INTERNAL - II

UNIT-III: NEGOTIABLE INSTRUMENTS

A. Multiple Choice Questions (10 MCQs)

1. A negotiable instrument is transferable by:

- a) Registration
- b) Delivery or endorsement
- c) Cheque only
- d) Legal notice

Answer: b) Delivery or endorsement

2. Which of the following is a negotiable instrument?

- a) Share certificate
- b) Bill of exchange
- c) Fixed deposit receipt
- d) Insurance policy

Answer: b) Bill of exchange

3. The paying banker is the bank which:

- a) Issues cheques
- b) Collects cheques
- c) Makes payment of cheques
- d) Endorses cheques

Answer: c) Makes payment of cheques

4. A collecting banker acts mainly as:

- a) Debtor
- b) Creditor
- c) Agent
- d) Trustee

Answer: c) Agent

5. A banker can refuse payment of a cheque if:

- a) Funds are sufficient
- b) Cheque is properly dated
- c) Customer has stopped payment
- d) Signature is correct

Answer: c) Customer has stopped payment

6. Wrongful dishonour of a cheque results in:

- a) Profit to bank
- b) Loss of reputation to customer
- c) Extra interest
- d) Bonus to banker

Answer: b) Loss of reputation to customer

7. Documents of title to goods include:

- a) Fixed deposit receipt
- b) Bill of lading
- c) Share certificate
- d) Insurance policy

Answer: b) Bill of lading

8. While advancing loans against goods, banks mainly ensure:

- a) Goods are uninsured
- b) Goods are easily marketable
- c) Goods are perishable
- d) Goods belong to borrower's friend

Answer: b) Goods are easily marketable

9. Loans against real estate are generally:

- a) Short-term loans
- b) Medium-term loans
- c) Long-term loans
- d) Demand loans

Answer: c) Long-term loans

10. Which of the following is treated as collateral security?

- a) Passbook
- b) Insurance policy
- c) Cheque book
- d) ATM card

Answer: b) Insurance policy

B. Fill in the Blanks (10 Questions)

1. A cheque is drawn on a _____.

Answer: Banker

2. Negotiable instruments are transferable by negotiation and _____.

Answer: Endorsement

3. The banker who pays the cheque is called the _____ banker.

Answer: Paying

4. A banker must dishonour a cheque if the customer is declared _____.

Answer: Insolvent

5. Wrongful dishonour of a cheque damages the _____ of the customer.

Answer: Reputation

6. Goods pledged as security must be properly _____.

Answer: Insured

7. A bill of lading is a document of _____ to goods.

Answer: Title

8. Loans against property are secured by _____ of mortgage.

Answer: Deed

9. Insurance policies are accepted by banks as _____ securities.

Answer: Collateral

10. Receipts issued by banks for deposits are called banking _____.

Answer: Receipts

UNIT-IV: INTRODUCTION TO FINANCIAL SERVICES:

A. Multiple Choice Questions (10 MCQs)

1. Financial services mainly help in:

- a) Manufacturing goods
 - b) Mobilising and allocating funds
 - c) Transporting goods
 - d) Producing raw materials
- Answer:** b) Mobilising and allocating funds

2. Which of the following is a fund-based financial service?

- a) Leasing
 - b) Factoring
 - c) Hire purchase
 - d) All of the above
- Answer:** d) All of the above

3. Non-fund based services include:

- a) Term loans
 - b) Leasing
 - c) Guarantee services
 - d) Hire purchase
- Answer:** c) Guarantee services

4. Modern financial services mainly use:

- a) Manual systems
 - b) Traditional methods
 - c) Advanced technology
 - d) Barter system
- Answer:** c) Advanced technology

5. Financial innovation is mainly caused by:

- a) Customer needs
 - b) Competition
 - c) Technological development
 - d) All of the above
- Answer:** d) All of the above

6. Which of the following is an innovative financial instrument?

- a) Fixed deposit
- b) Mutual fund
- c) Derivatives

d) Savings account

Answer: c) Derivatives

7. Venture capital is mainly provided to:

a) Government

b) Large companies

c) New and growing businesses

d) Banks

Answer: c) New and growing businesses

8. Credit rating is a _____ based service.

a) Fund

b) Non-fund

c) Deposit

d) Loan

Answer: b) Non-fund

9. One major challenge faced by the financial service sector is:

a) Excess manpower

b) Technological changes

c) No competition

d) Lack of customers

Answer: b) Technological changes

10. The present financial service scenario is characterised by:

a) Low competition

b) Limited services

c) Innovation and digitisation

d) Manual operations

Answer: c) Innovation and digitisation

B. Fill in the Blanks (10 Questions)

1. Financial services facilitate the flow of funds from _____ to users.

Answer: Savers

2. Services involving direct lending of money are called _____ based services.

Answer: Fund

3. Leasing is a _____ based financial activity.

Answer: Fund

4. Guarantee and underwriting services are _____ fund based services.

Answer: Non

5. Financial innovation leads to the development of new _____ and services.

Answer: Products

6. Technology plays a major role in modern financial _____.

Answer: Services

7. Derivatives are considered _____ financial instruments.

Answer: Innovative

8. Competition is one of the major causes for financial _____.

Answer: Innovation

9. Cyber security is a major _____ faced by the financial service sector.

Answer: Challenge

10. The present scenario of financial services emphasises speed, safety and _____.

Answer: Convenience

UNIT-V: FINANCIAL SERVICES

A. Multiple Choice Questions (10 MCQs)

1. Merchant banks mainly deal with:

- a) Accepting deposits
- b) Issue management and advisory services
- c) Agricultural loans
- d) Personal loans

Answer: b) Issue management and advisory services

2. One major problem of merchant banking in India is:

- a) Excess demand
- b) Lack of professional expertise
- c) Over-regulation
- d) No scope

Answer: b) Lack of professional expertise

3. Venture capital is mainly provided to:

- a) Established firms
- b) Government companies
- c) New and innovative enterprises
- d) Banks

Answer: c) New and innovative enterprises

4. Which of the following is a feature of venture capital?

- a) Short-term finance
- b) High risk and high return
- c) Fully secured
- d) Fixed interest

Answer: b) High risk and high return

5. Leasing is an agreement between:

- a) Buyer and seller
- b) Banker and customer
- c) Lessor and lessee
- d) Agent and principal

Answer: c) Lessor and lessee

6. A lease which cannot be cancelled before expiry is called:

- a) Operating lease
- b) Financial lease
- c) Sale lease back

d) Leveraged lease

Answer: b) Financial lease

7. Discounting of bills means:

a) Selling goods at discount

b) Advance given against a bill before maturity

c) Cancellation of bill

d) Refusal of bill

Answer: b) Advance given against a bill before maturity

8. The party who sells receivables is called:

a) Factor

b) Debtor

c) Client

d) Banker

Answer: c) Client

9. In forfeiting, the exporter's risk is taken by the:

a) Importer

b) Banker

c) Forfeiter

d) Broker

Answer: c) Forfeiter

10. Forfeiting is mainly used in:

a) Domestic trade

b) Retail trade

c) International trade

d) Agricultural trade

Answer: c) International trade

B. Fill in the Blanks (10 Questions)

1. Merchant banks provide _____ services to companies.

Answer: Advisory

2. Venture capital helps in the growth of _____ enterprises.

Answer: New

3. The owner of the asset in leasing is called the _____.

Answer: Lessor

4. A lease that allows cancellation is called _____ lease.

Answer: Operating

5. Sale and lease back involves selling an asset and _____ it back.

Answer: Leasing

6. Bill discounting improves the _____ of business firms.

Answer: Liquidity

7. Factoring involves the sale of _____ receivables.

Answer: Trade

8. The party who purchases receivables is known as the _____.

Answer: Factor

9. The charges paid in forfeiting are called _____ of forfeiting.

Answer: Costs

10. Forfeiting helps exporters to eliminate _____ risk.

Answer: Credit