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MCQ Questions of Current Trends & cases in Finance (404 FIN)  
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**Q1. Which option blocks the poor to get bank loans?**

- (A) Absence of collateral
- (B) High rates of interest
- (C) Complexity of procedure
- (D) None of the above

**Answer: A**

**Q.2 Which of the following takes the decisions regarding loans and savings in a self-help group (SHG)?**

- (A) Government
- (B) Non-government organisation
- (C) Bank
- (D) Group members

**Answer: D**

**Q.3 The informal sector loans incorporate \_\_\_\_\_ .**

- (A) State Bank of India
- (B) Moneylenders
- (C) NABARD
- (D) Both (A) and (B)

**Answer: B**

**Q.4 A small loan amount given to low-income households or groups is known as \_\_\_\_\_ .**

- (A) Cash credit
- (B) Micro credit
- (C) Rural credit
- (D) Simple credit

**Answer: B**

**Q.5 What is NOT an innovation likely to explain the high repayment rates of microcredit programs?**

- (a) Promising larger and larger loans for borrowers in good standing
- (b) Public repayments
- (c) Strong competition between numerous microcredit programs to reduce interest rates
- (d) Starting repayments before investments are likely to have borne fruit

**Answer: c**

**Q.6 What is NOT a potential limit of group lending?**

- (a) Monitoring group members can be costly for borrowers
- (b) Group lending uses social sanctions instead of collateral foreclosure
- (c) Group lending brings added risks for borrowers, those of others members' default.
- (d) Exclusion of all group members after one of them default is too harsh a punishment.

**Answer: b**

**Q.7 What is TRUE of group lending clause?**

- (a) Dealing with groups instead of individuals reduces transaction costs for the bank
- (b) Group arrangements teach the bank a great deal about who is safe and who is risky
- (c) Group lending reduces inequality between borrowers: all benefit from the same interest rate
- (d) Group loans are always cheaper than individual loans

**Answer: d**

**Q.8 What is NOT a source of difficulty in the estimation of the impact of microfinance projects?**

- (a) we do not observe what would have happened in absence of the microfinance project
- (b) participants systematically differ from non participants in their propensity to benefit from micro-loans
- (c) microfinance programs are not located randomly, they are often located in disfavoured areas
- (d) microfinance programs are often targeted to women

**Answer: d**

**Q.9 What does the microfinance model Not predict:**

- a) A decrease interest rates when repayment is regular & in time
- b) Homogeneous risk groups
- c) Self-selection of best borrowers
- d) None of the above

**Ans- C**

**Q.10 What is not a mechanism that contributes to the success of Micro- credits?**

- a) Dynamic incentives
- b) Peer monitoring
- c) Regular payment schedules
- d) Collaterals

**Ans- d**

**Q.11 Microfinance programmes were first created by Nobel prize winning Economist Muhammad Yunus in what decade?**

- a) 1950's
- b) 1960's
- c) 1970's
- d) 1990's

**Ans- c**

**Q.12 In the self-help group, the loan and saving decisions are taken by**

- (a) Government
- (b) Non-government organisation
- (c) Bank
- (d) Group members

**Ans-d**

**Q.13 Micro credit or micro finance is a novel approach to bank with the poor. In this approach bank credit is extended to the poor through**

- a).Self Help Groups
- B). Co-operative Credit Societies
- c.)RBI
- d.)Anganwadees

**Ans-a**

**Q.14 What does it mean for microfinance institution (MFI) to be financially sustainable?**

- a) It has earned a large enough to operate without interest & fees from loans
- b) Its revenue from interest & fees exceeds its operating costs.
- c) Donors have guaranteed the funds will remain available
- d) It has earned the funds through commercialization.

**Ans b**

**Q.15 Contemporary microfinance programs are incredibly diverse which of the following are the same for all MFIs.**

- a) Types & sizes of loans
- b) Eligibility
- c) Recruitment practices
- d) Goal is to improve lives of poor people

**Ans-d**

**Q.16 Loans to poor people by banks have many limitations including lack of security and high operating cost. So to help them which type of finance system developed ?**

- (a) Ponzi schemes
- (b) Micro Finance System
- (c) Money Laundering Schemes
- (d) Money tampering finance

**Ans- b**

**Q.17 The following statements are related to Micro Finance System. Locate the wrong option ?**

- (a) It provides micro credit having scope for small savings and remittance of funds
- (b) It based on the principle of livelihood creation
- (c) The livelihood mission means engaging in activities in a routine fashion to generate cash or non-cash income
- (d) None

**Ans-d**

**Q.18 Who introduced the concept of Micro Finance in Bangladesh in the form of the "Grameen Bank"? He is the Nobel laureate known by many as the "father of micro finance systems".**

- (a) C. D. Deshmukh
- (b) Amartya Sen

- (c) Muhammad Yunus
- (d) Sheik Haseena

**Ans-c**

**Q.19 The beneficiaries of Micro finance business are \_\_\_\_\_**

- (a) Land Less labour
- (b) Marginal farmers
- (c) Vendors in the small markets
- (d) All the above

**Ans- d**

**Q.20 The Micro Finance Institutions (MFI) differ from one another in terms of –**

- (a) Product offering
- (b) Loan repayment Structure
- (c) Product offerings
- (d) All of these

**Ans- d**

**Q.21 Indian Micro Finance Institutes (MFI) usually adopt the group-based lending models, which are of two types. SHG model and JLG model. SHG means Self Help Group and JLG means ?**

- (a) Joint Liability Game
- (b) Josh Liability Group
- (c) Joint Loan Group
- (d) Joint Liability Group

**Ans-d**

**Q.22 Who launched an 'India Micro-finance Platform', a portal on micro-finance activities across the country, with the assistance of World bank funds on 28th June 2013 ?**

- (a) SBI
- (b) ICICI
- (c) SIDBI
- (d) Exim Bank

**Ans- C**

**Q.23 Self Help Group involves-**

- a) Group of 5 to 20 people
- b) Regular saving habits
- c) Inter-lending within the group members

d) All of above

**Ans- D**

**Q.24 In microfinance the demand side constraints-**

- a) Is lack of awareness
- b) distance from bank branch
- c) unsuitable product
- d) communication

**Ans- A**

**Q.25 In which year the Regional Rural Banks Act was passed?**

- a) 1986
- b) 1976
- c) 1992
- d) 1988

**Ans- B**

**Q.26 Which microfinance institution is known as the Universal Bank?**

- A) Bandhan Financial Services Private Ltd
- B) Arohan Financial Services Private Ltd
- C) Disha Microfinance Private Ltd
- D) SKS Microfinance Private Ltd

**Ans-A**

**Q.27 Loans to poor people by banks have many limitations including lack of security and high operating cost. So to help them which type of finance system developed ?**

- (a) Ponzi schemes
- (b) Micro Finance System
- (c) Money Laundering Schemes
- (d) Money tampering finance

**Ans- b**

**Q.28 The following statements are related to Micro Finance System. Locate the wrong option ?**

- (a) It provides micro credit having scope for small savings and remittance of funds

- (b) It based on the principle of livelihood creation
- (c) The livelihood mission means engaging in activities in a routine fashion to generate cash or non-cash income
- (d) None

**Ans- d**

**Q.29 Who introduced the concept of Micro Finance in Bangladesh in the form of the "Grameen Bank"? He is the Nobel laureate known by many as the "father of micro finance systems".**

- (a) C. D. Deshmukh
- (b) Amartya Sen
- (c) Muhammad Yunus
- (d) Sheik Haseena

**Ans- C**

**Q.30 The beneficiaries of Micro finance business are \_\_\_\_\_**

- (a) Land Less labour
- (b) Marginal farmers
- (c) Vendors in the small markets
- (d) All the above

**Ans- d**

**Q.31 What is Pradhan Mantri Suraksha Bima Yojana (PMSBY) Life insurance-**

- a) cover Accidental insurance
- b) cover Life insurance cover
- c) Overdraft up to Rs.5,000/-
- d) None of above

**Ans- A**

**Q.32 Which of the following is not the part of organized sector of Indian Money Market?**

- a. Chit Funds
- b. Mutual Funds**
- c. Non-Banking Financial Companies
- d. Reserve Bank of India

**Ans-a**

**Q.33 An arrangement in which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money by way of periodical installments over a definite period and that each such subscriber shall, in his turn be entitled to the prize amount is called?**

- a) Chit
- b) Chitty
- c) Kury
- d) All of the above

**Answer : d**

## **Unit II**

**Q.34 What is the minimum paid up capital requirement of small finance Banks?**

- a) 100 crore
- b) 200 crore
- c) 50 crore
- d) 10 crore

**Ans- A**

**Q.35 Which of the following operations are undertaken by small finance banks?**

- a) Accepting deposits
- b) Disbursing small loans
- c) Sell insurance products
- d) All of the above

**Ans-d**

**Q.36 How much credit small finance banks has to give to priority sectors?**

- a) 50%
- b) 75%
- c) 40%
- d) 80%

**Ans- b**

**Q.37 Who is eligible to be a promoter of small finance banks?**

- a) Individuals
- b) Corporates



- c) Trusts
- d) All of the above

**Ans-d**

**Q.38 What can be the minimum initial contribution to the paid –up equity capital of small finance banks?**

- a) 40%
- b) 25%
- c) 75%
- d) 50%

**Ans- a**

**Q.39 To be a promoter in Small Finance Bank, resident individuals/professionals should have \_\_\_\_ years of experience in banking and finance**

- A) 5
- B) 7
- C) 10
- D) 12

**Ans- c**

**Q.40 What is the FDI Limit in Small Finance Bank?**

- A) 26%
- B) 49%
- C) 74%
- D) 100%

**Ans- C**

**Q.41 The promoter's minimum initial contribution to the paid-up equity capital of small finance bank shall at least be \_\_\_\_ per cent.**

- A) 10%
- B) 25%
- C) 26%
- D) 40%

**Ans- D**

**Q.42 The promoter's minimum initial contribution to the paid-up equity capital of such small finance bank shall at least be 40 per cent and gradually brought down to \_\_\_\_ per cent within 12 years.**

- A) 10%
- B) 26%
- C) 25%
- D) 20%

**Ans- b**

**Q.43 For Small Finance Bank, \_\_\_\_ of its loan portfolio should constitute loans and advances of upto Rs. 25 lakh.**

- A) 25 %
- B) 50%
- C) 75%
- D) 95%

**Ans- B**

**Q. 44 Small Finance Banks are registered under which Act?**

- A) Companies Act, 2013
- B) Banking Regulation Act, 1949
- C) Reserve Bank of India Act, 1934
- D) Credit Information Companies (Regulation) Act, 2005

**Ans- A**

**Q.45 Small Finance Bank are licensed under which Act?**

- A) Banking Regulation Act, 1949
- B) Reserve Bank of India Act, 1934
- C) Payment and Settlement Systems Act, 2007
- D) Companies Act, 2013

**Ans- A**

**Q.46 Which of the following statement is wrong about Small Finance Banks?**

- A) It can be Business Correspondent (BC) for another bank
- B) Large public sector entities and industrial and business houses cannot open Small Finance Bank
- C) SFBs are encouraged to lend to SHGs
- D) SFBs will be covered by the Banking Ombudsman (BO) Scheme

**Ans- A**

**Q.47 Small Finance Banks and Payments Bank are a type of?**

- A) Shadow Bank
- B) Universal Bank
- C) Differentiated Bank
- D) Delivery Bank

**Ans- c**

**Q.48 The decision to issue an in-principle approval for setting up of a Small Finance bank will be taken by \_\_\_\_\_**

- A) Finance Ministry
- B) CBDDT

- C) RBI
- D) SEBI in consultation with RBI

**Ans –c**

**Q.49 Identify the true statement about Small Finance Bank(SFB).**

- A) SFBs are not required to maintain CRR
- B) SFBs cannot carry out lending activity
- C) SFBs will be covered by the Banking Ombudsman (BO) Scheme.
- D) SFBs can carry out all para-banking activity.

**Ans- c**

**Q. 50 SFBs will be permitted to use IRF for the purpose of proprietary hedging. What does F stands for in IRF?**

- A) Forwards
- B) Funding
- C) Futures
- D) Focus

**Ans- C**

**Q.51 Which of the following statements is/ are correct about small finance bank?**

- 1. Small finance banks can provide Loans and advances of up to Rs 25 lakhs, primarily to micro enterprises.**
- 2. As per the RBI rules, small finance bank have to manage a quarter of their branches in un-banked rural areas**

- a. Only 1
- b. Only 2
- c. Both
- d. None

**Ans- A**

### **Unit III & IV**

**Q.52 How much percentage of its funds is required to be invested by payments banks in government securities or T-bills with maturity up to 1 year?**

- a) 25%
- b) 40%
- c) 50%
- d) 75%

**Ans- d**

**Q.53 For first five years how much paid-up equity capital needs to be maintained by promoters in payments bank?**

- a) 20%
- b) 30%
- c) 40%
- d) 60%

**Ans- c**

**Q.54 How many payments banks have actually started operations since RBI has granted the in-principle approval?**

- a) 11
- b) 10
- c) 9
- d) 6

**Ans- d**

**Q.55 What is the minimum capital required to set up payments bank?**

- a) Rs 100 crore
- b) Rs 75 crore
- c) Rs 50 crore
- d) Rs 25 crore

**Ans- A**

**Q.56 How much percentage of its funds can be held by payments banks in current and time deposit with Scheduled Commercial Bank?**

- a) 25%
- b) 40%
- c) 50%
- d) 75%

**Ans- a**

**Q. 57 What is the deposit limit on saving accounts in the Payment banks?**

- a) 1 lakh
- b) 2 lakh
- c) 5 lakh
- d) 10 lakh

**Ans - b**

**Q.58 Which of these cannot be issued by payment bank?**

- a) Debit card
- b) ATM card
- c) Credit Card
- d) All of the above

**Ans- c**

**Q.59 Which of these accounts can be opened in payment bank?**

- a) Savings Account
- b) Current Account
- c) Both A & B
- d) None of the above

**Ans- C**

**Q.60 Who headed the committee to evaluate the license applications for Payment Banks?**

- a) C Rangarajan
- b) Usha Throat
- c) Nachiket Mor
- d) B. S Mehta

**Ans- c**

**Q.61 Which is India's First payment bank?**

- a) Airtel payments Bank
- b) Fino Payments bank
- c) Jio Payments bank
- d) Pay Tm Payments bank

**Ans- a**

**Q.62 A CRM system helps companies -**

- a) To Improve business relationships
- b) To connected to customers
- c) To improve profitability
- d) All the above

**Ans- D**

**Q.63 A CRM system is a better way to manage the \_\_\_\_\_ interactions and relationships that drive success.**

- a) External
- b) Internal
- c) Neutral
- d) None of above

**Ans -A**

**Q.64 What is the maximum amount of loan can be extended by payments banks?**

- a) 25000
- b) 50000
- c) 100000
- d) No lending power

**Ans- d**

**Q.65 After how many years of successful operation Payment bank can be converted into small finance bank?**

- a) 4
- b) 5
- c) 7
- d) 10

**Ans- b**

**Q.66 In july 2020 which of the following payment bank has launched a “Bhavishya” saving account for minors?**

- a) Airtel payments bank
- b) Fino payments bank
- c) Post payments bank
- d) Paytm Payments Bank

**Ans- b**

**Q. 67 Who is the founder of Grameen Bank?**

- a) Muhammad Yunus
- b) Abdullah abu Sayed
- c) Anu Muhammad
- d) Atiur Rahman

**Ans- a**

**Q.68 Which of the following payments bank launched Bharosa savings account scheme?**

- a) India post payment bank
- b) Airtel payments bank
- c) Paytm Payment bank
- d) Aditya birla Idea payment bank

**Ans b**

**Q.69 The development of a start-up based on an inventor's work often requires \_\_\_\_\_.**

- a) Expertise of an entrepreneur
- b) Heavy investment from financiers
- c) Skilled human resources
- d) Highly educated staff

**Ans- a**

**Q.70 A business where an individual is both the owner and conductor of the business affairs is called \_\_\_\_\_.**

- a. Sole Proprietorship
- b. Partnership
- c. Corporation
- d. None of the above

**Ans- a**

**Q.71 In \_\_\_\_\_, the entrepreneur has the right to sell any assets.**

- a. Proprietorship
- b. Partnership
- c. Limited Liability Company
- d. None of the given option

**Ans-A**

**Q.72 Entrepreneurs are best as \_\_\_\_\_**

- a. Managers
- b. Venture capitalists
- c. Planners
- d. Doer

**Ans- d**

**Q.73 Entrepreneurship can best be described as:**

- a. a process that requires setting up a business
- b. taking a significant risk in a business context

- c. having a strong vision
- d. a process involving innovation, new products or services, and value creation

**Ans- d**

**Q.74 Which of these statements best describes the context for entrepreneurship:**

- a. Entrepreneurship takes place in small businesses
- b. Entrepreneurship does not take place in social enterprises
- c. Entrepreneurship takes place in a wide variety of contexts
- d. Entrepreneurship takes place in large businesses

**Ans –c**

**Q.75 The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as a/an \_\_\_\_\_**

- a. inventor
- b. opportunist
- c. hacker
- d. craftsman

**Ans- b**

**Q.76 The most cited source of new business ideas is-**

- a. brainstorming.
- b. in-depth understanding of industry/profession.
- c. a hobby.
- d. copying someone else.
- e. none of the above.

**Ans- b**

**Q.77 An entity registered under which act can issue PPIs?**

- A) Reserve Bank of India Act, 1934
- B) Companies Act, 1956 / Companies Act, 2013
- C) Banking Regulations Act, 1949
- D) Payment and. Settlement Systems Act, 2007

**Ans- B**

**Q.78 What is the rate of interest offered on PPI balance?**



A) 1%

B) 2%

C) Zero

D) 3%

**Ans- C**

**Q.79 Which of the following is not one of the types of PPIs issued?**

A) Closed System PPIs

B) Semi-closed System PPIs

C) Open System PPIs

D) Semi-open System PPIs

**Ans- d**

**Q.80 What is the maximum permitted limit of balance at any point in time in PPIs per month?**

A) Rs 75,000

B) Rs 1 lakh

C) Rs 25,000

D) Rs 50,000

**Ans- d**

**Q.81 Venture capital is concerned with:**

- a. New project having potential for higher profit
- b. (b) New project of high technology
- c. (c) New project having high risk
- d. (d) All the above.

**Ans- a**

**Q.82 What is the maximum validity period of a PPI?**

- A) 6 months
- B) 12 months
- C) 9 months
- D) 3 months

**Ans- b**

**Q.83 The PPIs that are issued by an entity for facilitating the purchase of goods and services from that entity only and do not permit cash withdrawal are known as\_\_\_\_\_**

- A) Open System PPIs
- B) Semi-closed System PPIs
- C) Semi-open System PPIs
- D) Closed System PPIs

**Ans- d**

**Q.84 Paytm, MobiKwik is an example of which type of PPI?**

- A) Semi-closed System PPIs
- B) Open System PPIs
- C) Closed System PPIs
- D) Semi-Open System PPIs

**Ans- a**

**Q.85 Which of the following is an example of Open System PPIs?**

- A) Rupay
- B) Paytm Wallet
- C) Ola Money
- D) All the above

**Ans-a**

**Q.86 In the Open System PPIs, the outstanding amount should not exceed \_\_\_\_\_ at any point.**

- A) Rs 10,000
- B) Rs 50,000
- C) Rs 1 lakh
- D) Rs 2 lakh

**Ans- c**

**Q.87 In .....type of payment system customer is allowed to spend only up to the amount that have pre deposited into account.**

- (a) Prepaid
- (b) Post paid
- (c) both of these
- (d) none of these

**Ans- a**

**Q.88.....credit card gives all the advantages of a normal credit card without worrying about the interest charges.**

- (a) Prepaid
- (b) Post paid
- (c) both of these
- (d) none of these

**Ans-a**

**Q.89 A.....is a device that includes an embedded integrated circuit Chip [ICC] that can be either a secure micro controller or equivalent intelligence with internal memory or a memory chip alone.**

- (a) smart Cards
- (b) E-Cheques
- (c) E-cash
- (d) none of these

**Ans-a**

**Q.90 Smart Card is \_\_\_\_\_**

- a) Special purpose Cards
- b) Microprocessor Cards
- c) Processing unit contains memory for storing data
- d) Processing unit for software

**Ans- b**

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**ALL THE BEST**