

QP CODE: 24900057

SERIES: B

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Name:....

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

FIRST SEMESTER MGU-UGP (HONOURS) REGULAR EXAMINATION NOVEMBER 2024

First Semester

Discipline Specific Core Course - MG1DSCCOM100 - BASIC FINANCE FOR DAILY LIFE

(2024 ADMISSION ONWARDS)

Duration: 1 Hours Maximum Marks: 70

Remember (K), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C), Interest (I), Appreciation (Ap), and Skill (S)

Students should attempt atleast one question from each course outcome to enhance their overall outcome attainability.

[Learning Domain][CO No(s)]

Part A

Multiple Choice Questions Attempt any 20 questions. Each question carries 1 mark

		Each que	stion	carries I mark		
1	Which of the following statements about interest rates is true?				[U]	[1]
	a)	Interest rates are the same for every bank	b)	Interest rates only apply to loans, not savings accounts		
	c)	Interest rates do not affect monthly payments	d)	High-interest rates on loans mean you pay more over time		
2	The primary objective of Jan Dhan Yojana is					[5]
	a)	Promote harmony	b)	Financial inclusion		
	c)	Provide educational loans	d)	Financial support to micro companies		
3	An	aggressive investor is likely to:			[U]	[4]

	a)	Avoid the stock market	b) Minimize exposure to all investments		
	c)	Seek high returns despite risks	ď) Focus solely on savings accounts		
4	Pu	re insurance is primarily aimed at:			[U]	[2, 3]
	a)	Wealth generation	b)	Financial protection		
	c)	Retirement savings	d)	Business investment		
5	go	finance involves managi vernments and public institutions.	ing th	e financial activities of	[U]	[1]
	a)	Public	b)	Social		
	c)	Personal	d)	Business		
6	Wł	no is a credit defaulter?			[K]	[4]
	a)	A person who have high CIBIL Score.	b)	A person who promptly plan credit.		
	c)	A person who take frequent loans.	d)	A person who fails to pay EMI.		
7	Wh	at best defines money attitude?			[K]	[3]
	a)	A person's beliefs and feelings about money	b)	The knowledge of financial products		
	c)	The amount of money one has	d)	The ability to save money		
8	Hov	w long is the typical duration of a g	enera	al insurance policy?	[K]	[2, 3]
	a)	Indefinite	b)	1 year		
	c)	5 years	d)	10 years	and the	
9	Dive	ersification in investing helps to:			[K]	[1]
	a)	Spread risk across different assets	b)	Maximize short-term gains		
	c)	Eliminate all financial risk	d)	Increase spending on luxury items		
10	The	fee charged by the lender to take caessing	are of	f paper works as part of loan	[U]	[2, 3]
	a)	Pre-closure fees	b)	Processing fees		

	c)	Closing fees	d)	All of the above		
11	Wh	at does market volatility refer to?			[U]	[3]
	a)	Guaranteed returns	b)	Fluctuations in investment prices		
	c)	Low risk	d)	Consistent prices		
12	Fin	ancial Literacy helps individuals to_			[U]	[1]
	a)	Avoid all expenses	b)	Spend without planning		
	c)	Ignore financial goals	d)	Manage Personal finances		
13	Fin (i)	ancial ethics incorporates the follow Honesty (ii) Justice (iii)		factors irness (iv) Sense of Humour	[An]	[1, 4]
	a)	ii, iii and iv	b)	i, ii and iv		
	c)	i, iii and iv	d)	i, ii and iii		
14	Fin	ancial socialization primarily occurs	s thro	ough:	[K]	[1]
	a)	Social media	b)	Government policies		
	c)	Family, peers, and institutions	d)	School education		
15	Wh	nich of the following best describes a	a bud	lget?	[A]	[4]
	a)	A loan agreement	b)	A detailed plan for spending and saving money		
	c)	A list of expenses	d)	A type of financial statement		
16	Inf	lation leads to:			[U]	[2]
	a)	Purchasing power risk	b)	Default risk		
	c)	Credit risk	d)	Interest rate risk		
17		mpound interest earned on an invest e given equation, if F is future value			[U]	[2]
	a)	F+P	b)	(P-F)(1-r)		
	c)	P-F	d)	F-P		
18	An a)	example for good financial behavio Having a realistic saving plan	r b)	Accumulating credit card debt	[U]	[1]
	c)	Spending more than Income	d)	Neglecting Savings		

19		he primary purpose of the months ity investment	oney r b)	narket? Long-term financing	[K]	[3]
	c) Short	t-term borrowing and ing	d)	Real estate trading		
20		secured loan? an without interest	b)	A loan with a fixed interest rate	[U]	[2, 3]
		an offered by the ernment	d)	A loan backed by collateral		
21	MUDRA	Yojana scheme is launched	in		[K]	[5]
	a) 2020)	b)	2015		
	c) 2014	1	d)	2002		
22	Which of	the following describes a bl	ockch	ain?	[An]	[3]
		ank account	b)	A type of software	[2111]	[2]
	c) Am	obile app	d)	A decentralised ledger technology.		
					(2	$0 \times 1 = 20)$
		Answe	e Cho r any	rt B ice Questions 25 questions. carries 2 marks		
23	Which of			ffected by financial literacy?	[U]	[1]
23		osing a new hobby		Understanding credit card interest rates	[O]	[1]
		iding on investments for ement	d)	Evaluating insurance policies		
24	a) To c with	he primary purpose of peer-to- onnect borrowers directly investors without tional banks.	o-peei b)	(P2P) lending platforms? To eliminate all loan risks for borrowers.	[An]	[3]
	the second secon	offer savings accounts with interest rates.	d)	To provide loans exclusively to businesses.		
25				increase significantly, they may maintain adequate protection.	[A]	[2, 3]
	a) debt	; upgrade	b)	family; reduce		
	c) pers	onal: cancel	d)	investment: reassess		

Assertion (A): Investments are primarily for wealth accumulation, while insurance is focused on providing a safety net for risks. Reason (R): An insurance policy guarantees a return on investment after a specific period.					
	b)	Both A and R are true, and R is the correct explanation of A.			
is false, but R is true.	d)	A is true, but R is false.			
. Calculate the effective interes			[A]	[2]	
25	d)	12.36			
ation. (R): Media content only influe			[U]	[1]	
s false, but R is true.	b)	A is true, but R is false.			
	d)	Both A and R are true, and R is the correct explanation of A.			
Borrowing habits (ii) Repay	yment	History	[K]	[4]	
d ii	b)	ii and iii			
of the above	d)	i and iii			
Term Goals a. 5 years	ears or s than 5 yea	r longer 1 year rs	[An]	[5]	
			46		
the correct statement(s): or can open a current account. nt accounts are available only ent accounts allow regular tran	in sch	eduled banks. ns.	[U]	[5]	
	(R): An insurance policy guara period. th A and R are true, but R is the correct explanation of A. is false, but R is true. It has an investment bearing 12 and the correct explanation of A. It calculate the effective interest explanation. It is false, but R is true. It has an investment only influed throwledge. It has an an investment only influed throwledge. It has an an advertising the action. It is false, but R is true. It has and R are true, but R is the correct explanation of A. It is false, but R is true. It has an an investment only influed throwledge. It is false, but R is true. It has an investment only influed throwledge. It is false, but R is true. It has an investment only influed throwledge. It is false, but R is true. It has an investment only influed throwledge. It has a sum of the effective interests on the correct explanation of A. It is false, but R is true. It has a number of the effective interests on the correct explanation of A. It is false, but R is true. It has an investment only influed throwledge. It has a number of the effective interests on the effective inter	(R): An insurance policy guarantees period. th A and R are true, but R is the correct explanation of A. is false, but R is true. d) k has an investment bearing 12 % in a Calculate the effective interest rate 236 b) 25 d) n (A): Media and advertising have ration. (R): Media content only influences of knowledge. Is false, but R is true. b) th A and R are true, but R is d) the correct explanation of A. the aviour includes Borrowing habits (ii) Repayment Guidance on investments d ii b) of the above d) the Types of Financial Goals with the Term Goals a. 5 years of b. Less than c. 1 to 5 years of the correct statement(s): or can open a current account. Int accounts are available only in schent accounts are available only in schent accounts allow regular transaction.	(R): An insurance policy guarantees a return on investment after a period. th A and R are true, but R is the correct explanation of A. is false, but R is true. d) A is true, but R is false. k has an investment bearing 12 % interest rate compounded seminate. Calculate the effective interest rate earned by him. b) 12.55 d) 12.36 In (A): Media and advertising have no role in financial action. (R): Media content only influences consumption choices, not a knowledge. Is false, but R is true. b) A is true, but R is false. th A and R are true, but R is the correct explanation of A. the correct explanation of A. is false the correct explanation choices, not a knowledge. is false, but R is true. b) A is true, but R is false. th A and R are true, but R is the correct explanation of A. is the correct explanation choices, not a strue, but R is false. It i	(R): An insurance policy guarantees a return on investment after a period. th A and R are true, but R is the correct explanation of A. is false, but R is true. d) A is true, but R is false. k has an investment bearing 12 % interest rate compounded seminate and investment and inv	

b) Only iii is correct

a) Only ii is correct

	c)	ii,iii and iv are correct	d)	i and iv are correct		
32	8%.	stocks have the following returns 6, 5%, 12%, 10%, 9%, and Stock B: s stability, which stock would be the	6%,	5%, 7%, 6%, 8%. If an investor	[U]	[1]
	a)	Stock B, because it has less volatility.	b)	Stock A, because it has higher returns.		
	c)	Stock A, because it has lower volatility.	d)	Stock B, because it has higher average returns.		
33	Fina and	nncial literacy includes understandin	ng th	e difference between	[U]	[1]
	a)	Needs; wants	b)	Credit; debt		
	c)	Assets; liabilities	d)	Savings; expenses		
34	of R	J holds a credit card of Bank ABC as. 7,500. refore what is the credit utilisation			[An]	[4]
	a)	60%	b)	50%		
	c)	25%	d)	75%		
35	A b	orrower is given two loan options: n using simple interest.In which op	7% f	or 4 years or 5% for 5 years, will he have to repay more?	[A]	[3]
	a)	7% for 4 years	b)	Both will generate the same interest		
	c)	Cannot determine	d)	5% for 5 years		
36	Cre	dit management involves			[U]	[1]
30	a)	Spending money without any credit limit	b)	Understanding how to use credit responsibly, including credit scores and interest rates		
	c)	Investing in stocks only	d)	Managing savings and emergency funds		
37	and	a motor insurance policy, a damages to the insured car, while d-party damages.		_ covers both third-party liability only covers	[U]	[5]
	a)	comprehensive policy and third party policy	b)	cover policy and third liability policy		
	c)	cover policy and third party policy	d)	comprehensive policy and showroom policy		
28	In t	the contact of financial literacy tra	cking	expenses helps to	пл	[1]

	a)	Increased debt	b)	Ignore financial goals		
	c)	Understanding spending patterns	d)	Reduce savings		
39		insurance provides a sum assumenth, whereas insurance provides on the policyholder's death, whereas insurance provides a sum assument.	vides a	a payout at the end of the policy	[U]	[2, 3]
	a)	Pure;Endowment	b)	Pure;Unit linked		
	c).	Endowment;Pure	d)	Health;Life		
40	Rea	sertion (A): Gender can influence fason (R): Men and women are often aviors and responsibilities.			[U]	[1]
	a)	Both A and R are true, and R is the correct explanation of A.	b)	A is true, but R is false.		
	c)	Both A and R are true, but R is not the correct explanation of A.	d)	A is false, but R is true.		
41		culate future value of Ms. Tiya's in three years at an annual compoun			[A]	[2]
	a)	12,700	b)	2,700		
	c)	13,048	d)	12,950		
42		um of Rs.5,000 is invested at a 4% ne total amount after 3 years?	ś simp	le interest rate for 3 years. What	[A]	[3]
	a)	Rs.5,800	b)	Rs.5,500		
	c)	Rs.6,000	d)	Rs.5,600		
43	Wh	at is crowdfunding?			[K]	[3]
	a)	A type of insurance	b)	A personal loan		
	c)	Collecting small amounts of money from many people to fund a project	d)	A way to borrow money from banks		
44	enh infl exp	ich of the following statement is/a ance an individual's decision-mak uence the quality of decisions maderience are less influential than the Emotional intelligence is unrelated	ing ab le. iii) ose foi	ility. ii)Negative attitudes do not Attitudes formed through med through social norms.	[A]	[3]
	a)	iii only	b)	iⅈ		

	c)	i only	d)	ii & iii		
45	Whi	ich of the following factors primaril Immediate need for returns	y coi b)	ntributes to investment inertia? Lack of knowledge and confidence in investing	[U]	[4]
	c)	High inflation rates	d)	Familiarity with new financial products		
46	Wha)	at is liquidity risk? Risk of changing interest rates	b)	Risk of being unable to sell an investment quickly without a loss	[An]	[2, 3]
	c)	Risk of losing value due to inflation	d)	Risk of poor management in a company		
47	cor	nen assessing the adequacy of life in a sider their needs, such as one sure dependents are financially se analysis.	utsta	nding loans and living expenses,	[A]	[2, 3]
	a)	financial; needs	b)	luxury; risk		
	c)	immediate; coverage	d)	future; liability		
48	Ho a)	ow does lack of financial knowledge It enhances portfolio diversification.	con b)		[U]	[4]
	c)	It ensures immediate adjustment to market changes.	d)	It encourages regular investment changes.		
49	Fre (i) (iv		Loan	(iii) Overdraft	[E]	[4]
	a)	i, iii and v	b)	i, ii and iii		
	c)	i, ii and v	d)	i, iv and v		

 $(25 \times 2 = 50)$