

QP CODE: 24900057

SERIES: B



Reg No:.....

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

- 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 [U] [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 d) Focus solely on savings accounts
- 4 Pure insurance is primarily aimed at: [U] [2, 3]
- a) Wealth generation b) Financial protection
- c) Retirement savings d) Business investment
- 5 _____ finance involves managing the financial activities of governments and public institutions. [U] [1]
- a) Public b) Social
- c) Personal d) Business
- 6 Who 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 What 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 How long is the typical duration of a general insurance policy? [K] [2, 3]
- a) Indefinite b) 1 year
- c) 5 years d) 10 years
- 9 Diversification 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 care of paper works as part of loan processing [U] [2, 3]
- a) Pre-closure fees b) Processing fees

- 19 What is the primary purpose of the money market? [K] [3]
 a) Equity investment b) Long-term financing
 c) Short-term borrowing and lending d) Real estate trading
- 20 What is a secured loan? [U] [2, 3]
 a) A loan without interest b) A loan with a fixed interest rate
 c) A loan offered by the government d) A loan backed by collateral
- 21 MUDRA Yojana scheme is launched in [K] [5]
 a) 2020 b) 2015
 c) 2014 d) 2002
- 22 Which of the following describes a blockchain? [An] [3]
 a) A bank account b) A type of software
 c) A mobile app d) A decentralised ledger technology.

(20 × 1 = 20)

Part B

Multiple Choice Questions
 Answer any 25 questions.
 Each question carries 2 marks

- 23 Which of the following is NOT a decision affected by financial literacy? [U] [1]
 a) Choosing a new hobby b) Understanding credit card interest rates
 c) Deciding on investments for retirement d) Evaluating insurance policies
- 24 What is the primary purpose of peer-to-peer (P2P) lending platforms? [An] [3]
 a) To connect borrowers directly with investors without traditional banks. b) To eliminate all loan risks for borrowers.
 c) To offer savings accounts with high interest rates. d) To provide loans exclusively to businesses.
- 25 If a person's income or _____ obligations increase significantly, they may need to _____ their insurance coverage to maintain adequate protection. [A] [2, 3]
 a) debt; upgrade b) family; reduce
 c) personal; cancel d) investment; reassess

- 26 Assertion (A): Investments are primarily for wealth accumulation, while insurance is focused on providing a safety net for risks. [An] [2, 3]
Reason (R): An insurance policy guarantees a return on investment after a specific period.
- a) Both A and R are true, but R is not the correct explanation of A. b) Both A and R are true, and R is the correct explanation of A.
- c) A is false, but R is true. d) A is true, but R is false.
- 27 Mr. Alex has an investment bearing 12 % interest rate compounded semi-annually. Calculate the effective interest rate earned by him. [A] [2]
- a) 11.236 b) 12.55
- c) 10.25 d) 12.36
- 28 Assertion (A): Media and advertising have no role in financial socialization. [U] [1]
Reason (R): Media content only influences consumption choices, not financial knowledge.
- a) A is false, but R is true. 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) Both A and R are true, and R is the correct explanation of A.
- 29 Credit behaviour includes [K] [4]
(i) Borrowing habits (ii) Repayment History
(iii) Guidance on investments
- a) i and ii b) ii and iii
- c) All of the above d) i and iii
- 30 Match the Types of Financial Goals with their Time Horizons: [An] [5]
- | | |
|----------------------|----------------------|
| 1. Short-Term Goals | a. 5 years or longer |
| 2. Medium-Term Goals | b. Less than 1 year |
| 3. Long-Term Goals | c. 1 to 5 years |
| 4. Immediate Goals | d. Daily or weekly |
- a) 1 - b, 2 - c, 3 - a, 4 - d b) 1 - c, 2 - a, 3 - d, 4 - b
- c) 1 - b, 2 - c, 3 - a, 4 - d d) 1 - a, 2 - b, 3 - c, 4 - d
- 31 Identify the correct statement(s): [U] [5]
i. A minor can open a current account.
ii. Current accounts are available only in scheduled banks.
iii. Current accounts allow regular transactions.
iv. Current accounts offer better interest rates.
- a) Only ii is correct b) Only iii is correct

- c) ii,iii and iv are correct d) i and iv are correct
- 32 Two stocks have the following returns over the past five years: Stock A: 8%, 5%, 12%, 10%, 9%, and Stock B: 6%, 5%, 7%, 6%, 8%. If an investor seeks stability, which stock would be the better choice, and why? [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 Financial literacy includes understanding the difference between _____ and _____. [U] [1]
- a) Needs; wants b) Credit; debt
- c) Assets; liabilities d) Savings; expenses
- 34 Mr.J holds a credit card of Bank ABC with Rs.15,000 limit and has a balance of Rs. 7,500. [An] [4]
Therefore what is the credit utilisation ratio of Mr.Joshin is
- a) 60% b) 50%
- c) 25% d) 75%
- 35 A borrower is given two loan options: 7% for 4 years or 5% for 5 years, both using simple interest. In which option 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 Credit management involves _____. [U] [1]
- 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 In a motor insurance policy, a _____ covers both third-party liability and damages to the insured car, while a _____ only covers third-party damages. [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
- 38 In the context of financial literacy, tracking expenses helps to [U] [1]

