

SUB: RISK MANAGEMENT (**MODULE ONE**)

CLASS: TYBCOM (FM) SEM VI

1. Risk is define as volatility of actual returns from _____. (**Ans. investment**)
(Profit, Saving, Investment, Deposit)
2. Risk and return have _____ relation. (**Ans. Direct**)
(Indirect, Direct, Neutral, Negative)
3. Rate of return on investment measured by _____. (**Ans. $I+(P1-P2)/P2$**)
[$I+(P1-P2)/P2$, $I - (P1-P2)/P2$, $P1/ I+(P1-P2)$, $P2/ I+(P1-P2)$]
4. An investor invested Rs.200 in a share and sold at Rs.220 after a year, dividend received Rs.10, rate of return on investment is _____. (**Ans.0.15**)
(0.15, 0.20, 1, 0.16)
5. An investor invested Rs.2000 in share of XYZ Ltd., after a year it has sold at Rs.2150, thus capital gain for the investor is _____. (**Ans.150**)
(200, 150, 50, 600)
6. Coupon of the bond is 15% to face value Rs.5000, interest received on investment is _____. (**Ans. 750**)
(750, 6000,650,360)
7. Investor brought a bond at discount rate 10% to face value 15,000, so gain to the investor is _____. (**Ans. 1350**)
(2000, 5300, 1350, 4530)
8. _____ implies a situation where the future events are unknown. (**Ans. uncertainty**)
(Internal risk , External risk, Uncertainty, None of these)
9. _____ cannot be measured and outcome is unknown. (**Ans. Uncertainty**)
(Probability, Risk, Certainty, Uncertainty)
10. Which of the following condition cause of strategic risk? (**Ans. All of above**)
(Weak execution of decisions, Insufficient resource allocation, Inability to respond well to change in the market condition, All of above)
11. _____ arises from failed internal process of organisation. (**Ans. Operational risk**)
(Market risk, Strategic risk, External risk, Operational risk)
12. Which of the following is advantages of T+2 rolling settlement? (**All of above**)
(Reduces speculation, Uniform trading cycle, Reduce settlement period, All of above)
13. _____ can be eliminated by delivery v/s payment mechanism. (**counterparty risk**)
(System risk, Counterparty risk, Operational risk, Legal risk)
14. Maintaining settlement guarantee fund helps to eliminate _____. (**Ans. System risk**)
(Non-business risk,Counterparty risk, System risk, Uncertainty)
15. When dividend received Rs.300, capital gains for investor is Rs.200 on the security at the end of holding period and purchasing price of the security is Rs.500. Thus, Rate of return is _____. (**Ans. 1**)
(1.1, 0.8, 0.9, 1)
16. Which of the following is not a part of human resource risk? (**Ans. Market competition**)
(Knowledge and skill labour, Staffing, Employee theft, Market competition)
17. External risk arises from _____. (**Ans. external market change**)

- (Human resource, Financial relationship, Physical resource risk, External market change)
18. Which techniques use to overcome from legal risk. **(Ans. All of above)**
(Conducting legal audit, Strong compliance government policies, Qualified legal resources, All of above)
 19. SEBI transitioned T+2 schedules with effect from _____. **(Ans. 1st April 2003)**
(1st April 2003, 10th Jan 2000, 1st June 2001, 5th July 1990)
 20. Which of the following is not creating high degree of uncertainty? **(Ans. Stable economy)**
(Increase global competition, Complex financial instruments, Change organisational structure, Stable economy)
 21. Mr. Patil brought a debenture of ABC Ltd. at Rs. _____, this was redeemed after a year at Rs.100, coupon paid 9% and rate of return is 12%. **(Ans. 97.32)**
(98.2, 97.32, 90.54, 87.69)
 22. Risk management process end with _____. **(Ans. Monitor and review the risk)**
(Identify risk, Monitor and review the risk, Analyse risk, Treat risk)
 23. _____ risk do not arise from board of company takes decision about production or services. **(Ans. Non business risk)**
(Non business risk, Business risk, Operational risk, System risk)
 24. Which of the following is feature of uncertainty. **(Ans. Uncontrollable)**
(Controllable, Uncontrollable, Measurable, Can be reduced)
 25. Structural resource risk includes _____. **(Ans. IT system)**
(Disaster, Price and cost burden, IT system, Cash flow)
 26. A company's financial risk is associated with _____. **(Ans. Financial leverage)**
(Market condition, Companies reputation, Legal action, Financial leverage)
 27. ___ deals with a company's ability to generate sufficient cash flow and able to make interest payment. **(Ans. Financial risk)**
(Business risk, Operational risk, System risk, Financial risk)
 28. Which of the following factor affects a company's financial risk. **(Ans. Interest rate changes)**
(Disaster, Legal action, Interest rate, Vender performance)
 29. Financial reliability of the company is determine by _____. **(Ans. Debt –equity ratio)**
(Debt – equity ratio, Efficiency ratio, Working capital ratio, Cash ratio)
 30. Businesses suffer by extending credit to customers are called _____. **(Ans. Credit risk)**
(Operational risk, Management risk, Market risk, Credit risk)
 31. Liquidity risk arises, when _____. **(Ans. Asset /security cannot be traded quickly in the market)**
(Personal problems of company, Asset /security cannot be traded quickly in the market, Increase competition in the market, Delay in payment)
 32. Which of the following is cause of market risk? **(Ans. change in consumer preferences)**
(Change in consumer preferences, Delayed in payment, Change in business model, Change in operational model)
 33. Credit rating for a firm with average size and debt repayment capacity is indicated by _____. **(Ans. 'A')**
(AAA, A, C, CCC)

34. Credit rating D assigned to the firm with _____. (**Ans. Loss and no debt repaying capacity**)
(Good debt repaying capacity, Excellent debt repaying capacity, Average debt repaying capacity, Loss and no debt repaying capacity)
35. _____ indicates firms ability to fulfil its interest paying ability. (**Ans. Interest coverage ratio**)
(Debt asset ratio, Interest coverage ratio, Debt service coverage ratio, Debt equity ratio)
36. Debt asset ratio = _____. (**Ans. Total asset/ total debt**)
(Debt/Equity, Total debt/ Total asset, Total asset/Total debt, Equity / Debt)
37. _____ technique used to hedge credit risk. (**Ans. Risk based pricing**)
(Risk based pricing, Shadow pricing, Market pricing, Foreign currency exchange)
38. Business risk associated with _____. (**Ans. Economic environment**)
(Debt fund, Leverage multiplier, Used debt capital, Economic environment)
39. Which of the following is not a feature of financial risk. (**Ans. Risk cannot be minimised**)
(Used of debt capital, Risk cannot be minimised, debt to asset ratio, Lower the debt lessor is financial risk)
40. _____ is not business risk. (**Ans. Credit risk**)
(Operational risk, Reputation risk, Strategic risk, Credit risk)
41. _____ identify by difference in net operating income and net cash flow. (**Ans. Business risk**)
(Business risk, Credit risk, Liquidity risk, Market risk)
42. Business risk can be managed by _____. (**Ans. All of the above**)
(Write business plan, Train employees, Write risk management plan, All of above)
43. _____ provide protection to lender in case of increase in credit risk of borrower. (**Ans. Total return swap**)
(Liquidity insurance, Total return swap, Liquidity securities, Trading exchange)
44. Risk base pricing technique characterise by _____. (**Ans. deciding interest rate on case to case basis**)
(Credit insurance, Bond holders can hedge risk, Change in market value of the loan, Deciding interest rate on case to case basis)
45. _____ technique use to manage liquidity risk. (**Ans. Investment in open ended fund**)
(Investment in open ended fund, Risk based pricing, Credit default swap, Total return swap)
46. Storing liquidity technique characterise by _____. (**Ans. Keeping certain amount of money as cash reserve**)
(Purchasing a liquidity insurance, Limiting exposure to illiquid securities, Keeping certain amount of money as cash reserve, Investing in open end fund)
47. Confirmation of trades take place on _____. (**Ans. T+1 day**)
(T+2 DAY, T+3DAY, T DAY, T+1 DAY)
48. _____ assesses the credit worthiness of the borrower. (**Ans. Credit rating**)
(Uncertainty, Risk , Credit rating, Sensitivity analysis)
49. _____ is the risk arising due to use of debt financing in the capital structure. (**Ans. Financial risk**)
(Financial risk, Market risk, Reputation risk, Operational risk)
50. Credit Rating Agencies (CRA) take in to consideration _____. (**Ans. Track record of promoters of firm**)

(Changing market condition, Changing economic policies, Marketing policies of a firm,
Track record of promoters of a firm)

TYBFM RISK MANAGEMENT MODULE 2:EVALUATION OF RISK (MCQs)

1) is square root of Variance of rate of return.

(a) Standard deviation (b) Leverage (c) Beta (d) VaR

2) refers to change in output with change in one or more Input variables.

(a) sensitivity (b) Beta (c) probability (d) Variance

3) refers to max maximum loss on a given asset or a given period of time at a given confidence level.

(a) **VaR (Value at Risk)** (b) β (c) α (d) standard

deviation 4) is widely used measure to calculate market risk of a Portfolio or security.

(a) VaR (b) Variance (c) β (d) Sensitivity Analysis

5) A stock is considered to be..... if actual returns exceeds expected returns.

(a) Overvalued (b) **undervalued** (c) Negative (d) normal

6).....risk that value of a Portfolio will decrease due to the change in value of market risk factors .

(a) **Market** (b) Commercial (c) political (d)

Reputation 7) Is the risk that arises from stock price volatility.

(a) country Risk (b) political Risk (c) Market Risk (d) **Equity Risk**

8)..... is the risk that arises from volatility of interest rate in economy.

(a) **interest rate risk** (b) Market Risk (c) political risk (d) Equity risk

9)Risk arises if there is maturity mismatch between liabilities and offsetting assets.

(a) **term structure risk** (b) liquidity risk (c) commercial risk (d) dispute risk

10. lack of counterparty result into risk.

(a) **liquidity risk** (b)dispute risk (c) contract risk (d) environmental risk

11) REIT stands

(a) **Real Estate Investment Trust**

(b) Real Estate Investment

Type (c)Right Estate

Investment Trust (d)Real

Estate Ivestors Trust

12) It is mandatory for REIT to pay at least percentage of taxable income as dividend to investors.

(a)80 **(b) 90** (c) 40 (d) 50

13)Share of REIT are fully... ..

(a) transferable (b) non-transferable (c) redeemable (d) Irredeemable

14.Minimum number of share for REIT should be... ..

(a) 100 (b) 25 (c) 50 (d) 75

15. Equity REIT's main source of revenue is in the form of.....

(a) interest **(b) Rent** (c) dividend (d) capital

16. Main source of income for mortgage REIT is... ..

(a) interest (b) Rent (c) dividend (d) capital

17)..... is the combination of equity and mortgage.

(a) Equity REIT (b) Mortgage REIT **(c) Hybrid REIT** (d) Beta REIT

18)..... strategy is suitable for investors who have lower risk appetite.

(a) core strategy (b) Value added style (c) opportunistic style (d) simple strategy

19).....strategy is suitable for high risk appetite investors.

(a) Core strategy **(b) Value added style** (c) Hedging style (d) simple strategy

20)funds are unregulated as they are mainly for high net worth investors.

(a) **Hedge funds** (b) Private Equity (c) Mezzanine Capital (d) Managed futures

21).....funds are suitable for small investors.

(a) Mutual funds (b) Hedge funds (c) FoF (d) ETF

22) Among all precious metals... ..is the most popular among investors.

(a) Silver **(b) Gold** (c) platinum (d) diamond

23) refers to difference between two interest rates.

(a) Equity (b) commodity **(c) spread** (d) options

24)..... risk arising from volatility of exchange rate.

(a) option risk **(b) currency risk** (c) financial risk (d) business risk

25)..... risk arising from fluctuation in commodity prices.

(a) Business risk **(b) commodity risk** (c) credit risk (d) facility risk

26) risk is associated with environment in which company functions.

(a) Financial risk **(b) Business risk** (c) Dispute risk (d) Community risk

27) risk occurs mainly due to wide difference in bid and ask price.

(a) Asset liquidity risk (b) funding liquidity risk (c) Documentation risk (d) facility risk

28).....risk occurs due to inability to fulfill liabilities when they are falling due.

(a) Funding liquidity risk (b) Asset liquidity risk (c) Facility risk (d) financial risk

29)A decline in reputation of the organization to legal actions is called... ..risk.

(a) Reputation (b) Dispute (c) contract (d) compliance

30)risk arises when foreign government will default on its bonds or other financial commitments.

(a) Country Risk (b) Political Risk (c) Financial Risk (d) Contract Risk

31)Hardware and software failures are included in... .. risk.

(a) Technological Risk (b) Financial Risk (c) Legal Risk (d) Liquidity Risk

32) Malware and phishing are common source of.....risk.

(a) Financial Risk (b) Dispute Risk **(c) Technological Risk** (d) Liquidity Risk

33) Technological risk include... ..

(a) Scams and phishing (b) decline in gold price (c) third part interference (d) Legal dispute

34)risk include threat of negative effects on living organism and resource depletion.

(a) Environmental Risk (b) Contract Risk (c) Country Rail (d) Financial Risk

35)is the total exposed amount that an organization wants to undertake on the basis of Risk return trade-off.

(a) Risk Appetite (b) Risk culture (c) Risk tolerance (d) Risk target

36)is the amount of uncertainty an organization is prepared to accept in total.

(a) Risk appetite **(b) Risk tolerance** (c) Risk culture (d) Risk capacity

37) Norms and traditions of behaviour of individuals that regulate and act on the risk is called... ..

(a) Risk appetite (b) **Risk Culture** (c) Risk tolerance (d) Risk attitude

38) stakeholders are those people who have direct relationship in the company.

(a) **Internal** (b) External (c) Supplier (d) Creditors

39).....are primarily concerned about safety and security of its members.

(a) **Trade Unions** (b) Employees (c) Suppliers (d) Customers

40) The main concern of government is to ensure company is fulfilling it's liability.

(a) **Tax** (b) jobs (c) credit (d) shares

41) Employees stakeholders are concerned about... ..

(a) **Rate of pay** (b) Tax liability (c) shares (d) customers

42) VAR is denoted by... ..

(a) C (b) **K** (c) m (d) p

43) is calculated at a suitable confidence level.

(a) Variance (b) **VaR** (c) standard deviation (d) Beta

44) Funds which have Of greater than 1 are aggressive.

(a) variance (b) S. D (c) **β** (d) VaR

45)are not suitable for investors with less risk appetite.

(a) **β** (b) variance (c) α (d) sensitivity

46) Funds which have a Beta if greater than 1 are... ..

(a) **Aggressive** (b) Regressive (c) purposive (d) objective

47)..... is prime importance for hedging.

(a) **Sensitivity Analysis** (b) VaR (c) variance (d) β

48) A typical way of calculating EMV is using... ..

(a) **Decision Trees** (b) variance (c) VaR (d) β

49) Decision tree Analysis is a tool for... .Risk measurement.

(a) Quantitative (b) Qualitative (c) purposive (d) subjective

50) Tornado diagrams are useful for determining

(a) sensitivity Analysis (b) Variance (c) β (d) standard Deviation

Module III – Foreign exchange risk

1. The value for which one currency is exchanged for another currency is called _____

- a. Market rate
- b. Exchange rate
- c. Price rate
- d. Currency rate**

2. Forex market consists of _____

- 1. Wholesale market and retail market
- 2. Central market and local market
- 3. Fixed market and flexible market**
- 4. Interbank market

3. Interbank foreign exchange trading is regulated by _____

- a. FERA
- b. FEMA
- c. FEDAI**
- d. CCIL

4. Which of the following is not a participant in forex market?

- a. Commercial banks
- b. Trustees**
- c. Foreign exchange brokers
- d. Central banks

5. _____ market handles only current transactions.

- a. Forward
- b. Nostro
- c. Spot**

d. Vostro

6. _____ is a rupee account of a foreign bank abroad with a bank in India.

a. Nostro account

b. Forward Market

c. Vostro account

d. None of the above

7. _____ is the apex authority in forex market.

a. FEDAI

b. RBI

c. FERA

d. FEMA

8. What is convertibility?

a. Ease with which current account is converted into capital account

b. Ease with which a country's currency is converted into another currency

c. Ease with which a country's financial transaction occurs

d. Ease with which foreign direct investments is optimized

9. Liberal economic reforms were introduced in the year _____

a. 1991

b. 1992

c. 1993

d. 1994

10. Indian rupee is _____.

a. Fully convertible

b. Fully non-convertible

c. Partially convertible

d. Capitally convertible

11. Indian Currency has _____ account convertibility.

a. Current

b. Capital

c. Nostro

d. Vostro

12. What is current account convertibility?

a. Conversion of currency only for trade purpose

b. Conversion of currency at RBI determined price

c. Conversion of currency at market determined price for trade purposes only

d. Conversion of currency at IMF determined price

13. India rupee continues to remain _____ account non-convertible

a. Capital

b. Current

c. Nostro

d. Vostro

14. Capital account convertibility means _____ .

a. Convertibility of current account in capital account

b. Easy and unrestricted flow of capital for all purposes

c. Converted capital account of a country

d. None of the above

15. _____ market was developed to solve the problems of forward market.

a. Spot

b. Futures

c. Currency

d. Foreign exchange

16. A future contract is a _____ contract.

- a. Sub-standardized
- b. Regulated
- c. Standardized**
- d. Unregulated

17. _____ are contract between buyer and seller in which the underlying asset is the currency.

- a. Currency policy
- b. Currency Contract
- c. Currency derivatives**
- d. Currency spot

18. _____ refers to a standardized foreign exchange derivative contract traded on a recognized stock exchange.

- a. Currency Swaps
- b. Currency Forwards
- c. Currency Futures**
- d. Currency derivatives

19. _____ risk is the one in which the government does not allow the foreign currency to leave the country regardless of its source.

- a. Interest Rate risk
- b. Convertibility risk
- c. Credit risk
- d. Transfer risk**

20. Businesses that trade internationally are exposed to _____.

- a. Strategic risk
- b. Foreign exchange risk**
- c. Credit risk
- d. Future risk

21. _____ is a type of foreign risk exposure.

a. Technical Exposure

b. Transaction Exposure

c. Transfer Exposure

d. Transnational Exposure

22. _____ Exposures arise from the need to convert values of assets and liabilities denominated in a foreign currency into the domestic currency.

a. Technical

b. Translation

c. Transfer

d. Transaction

23. _____ convertibility implies that the Indian Rupee can be converted to any foreign currency at existing market rates for trade purposes for any amount.

a. Current Account

b. Capital Account

c. Nostro Account

d. Vostro Account

24. _____ convertibility is the ease with which a country's currency can be converted into gold or another currency.

a. Current Account

b. Capital Account

c. Nostro Account

d. Vostro Account

25. A _____ contract is a customised agreement between two parties to buy and sell a particular currency at a future date, at a particular exchange rate that is fixed or agreed upon.

a. Forward

b. Futures

c. Swap

d. Option

26. _____ gives the buyer the right to buy a specified currency at a specified exchange rate at or before a specified date.

a. Forward

b. Futures

c. Swap

d. Option

27. Importers and exporters can _____ currency risk by selling or buying futures.

a. Speculate

b. Arbitrage

c. Hedge

d. Match

28. Long hedging involves _____ futures contract to hedge against increase in value of asset.

a. Buying

b. Selling

c. Transferring

d. Cancelling

29. Short hedging involves _____ futures contract to hedge against decline in the value of asset.

a. Buying

b. Selling

c. Transferring

d. Cancelling

30. _____ hedging involves buying futures contract to hedge against increase in value of asset.

a. Long

- b. Short
- c. Moderate
- d. Transaction

31. _____ hedging involves selling futures contract to hedge against decrease in value of asset.

- a. Long
- b. Short**
- c. Moderate
- d. Transaction

32. _____ is the price at which asset is traded in cash market.

- a. Spot price**
- b. Future price
- c. Cost of carry
- d. Cash price

33. _____ date is the last date in which the contract is traded.

- a. Term date
- b. End date
- c. Expiry date**
- d. Exponential date

34. _____ is the difference between the spot price and futures price.

- a. Spread
- b. Basis**
- c. Differential
- d. Derivative

35. Exchange rate swaps are also known as _____ .

- a. Currency swaps**

- b. Interest swaps
- c. Contract swaps
- d. Forex swaps

36. _____ is a standardized agreement whereby two parties agree to exchange currencies at a determined price on a specified date.

a. Currency Futures

- b. Currency Forwards
- c. Currency Rate Swap
- d. Interest swap

37. _____ options can be exercised only on expiry date.

a. European Options

- b. American Options
- c. Local Options
- d. Term Options

38. _____ option leads to positive cash flow.

a. ITM

- b. OTM
- c. ATM
- d. Intrinsic value

39. _____ option leads to negative cash flows.

a. ITM

b. OTM

- c. ATM
- d. Intrinsic value

40. _____ of option is the difference between option price and intrinsic value.

a. Basis

- b. Spread
- c. Time value**
- d. Lower value

41. Option where Strike price is equal to spot price is referred to as _____

- a. ITM
- b. OTM
- c. ATM**
- d. None of the above

42. A _____ option gives the holder the right but not the obligation to buy the underlying currency.

- a. Call**
- b. Put
- c. Currency
- d. None of the above

43. A _____ options gives the holder the right but not the obligation to sell the underlying currency.

- a. Call
- b. Put**
- c. Currency
- d. None of the above

44. A Currency exposure to movements interest rates results in _____

- a. Interest Rate Risk**
- b. Convertibility Risk
- c. Transfer Risk
- d. Credit Risk

45. _____ exposure arises when a company has assets and liabilities in denominated in a currency other than its reporting currency.

a. Transaction

b. Translation

c. Economic

d. Credit

46. _____ is the payment of an obligation in advance of the due date.

a. Leading

b. Lagging

c. Netting

d. Pricing

47. _____ involves the pairing of foreign currency inflows and outflows in terms of timing and value.

a. Matching

b. Leading

c. Lagging

d. Netting

48. _____ involves the consolidated settlement of receivables, payables and debt among associated companies.

a. Netting

b. Lagging

c. Leading

d. Pricing

49. _____ is the price which the option seller receives.

a. Premium

b. Ask

c. Bid

d. None of the above

50. _____ exposure the risk that a firm's present value of future operating cash flows is affected by changes in exchange rates.

a. Translation

b. Transaction

c. Economic

d. None of the above

RISK MANAGEMNT MCQ UNIT 4

1. Corporate Raise Money

- By Issuing Bonds
- By Issuing Equity Shares
- By Issuing Debentures
- All Of The Above

2. The Bonds Issued Carries And Interest Rate Known As

- Coupon Rate
- Interest Rate
- Cost Of Capital
- All Of The Above

3. Bonds Are

- Fixed Income Securities
- Permanent Income Securities
- Fluctuating Income Securities
- Matured Income Securities

4. The Date Of Repayment Of A Bond Is Known As

- Maturity Date
- Issue Date
- Landing Date
- Closing Date

5. Bond Are Debts Hence

- Bondholder Does Not Share Profits
- He Gets Interest Only
- The Amount Is Repaid On Maturity
- All Of The Above

6. A Newly Issued Bond Normally Sells At

- Par
- Premium
- Discount
- All Of The Above

7. Par Value Of The Bond Is Not The Price Of The Bond As

- It Fluctuates
- It Is Traded In The Market
- Other Factors Are Responsible
- All Of The Above

8. Zero Coupon Bond Makes

- No Coupon Payment
- Interest Payment Every Month
- Is Not Traded
- Has No Maturity Date

9.Foreign Bonds Are

- Bonds Issued By Foreign Company In Domestic Market
- Bonds Issued Outside India
- Bonds Traded Outside India
- Bonds Issued In India

10.Euro Bonds Are Bonds

- Attractive To Investors
- Have High Liquidity
- Offer In Some Other Countries Currency
- All Of The Above

11.Investing In Debt

- Is Safer Than Equity
- Is Risky Than Equity
- Is A Total Waste
- Is Equal To Equity

12.The Segment Of Debt Market In India Is

- Government Securities
- Public Sector Units
- Corporate Securities
- All Of The Above

13.Following Are Participants Of Debt Market

- Investors
- Institutional Investors
- Issuers
- All Of The Above

14. Following Are The Types Of Yield Curves

- Normal
- Inverted
- Flat
- All Of The Above

15.YTM Stands For

- Yeild To Maturity
- Yield To Money
- Yield To Market
- Yeild To Motive

16.Realised Yield Means

- Received By Investor

- Paid By Issuer
- Actual Yield Realised Over A Given Holding Period
- All Of The Above

17. Yields In The Money Market Are On

- Bank Discount Basis
- Holding Period Yield
- Effective Annual Yield
- All Of The Above

18. Normal Yield Curve Is

- Upward Sloping
- Downward Sloping
- Straight Line
- All Of The Above

19. Yield Curve Plots The

- Interest Rates
- Investment Amount
- Market Rates
- Risk Free Rates

20. Inverted Yield Curve Is

- Upward Sloping
- Straight Line
- Downward Sloping
- All Of The Above

21. YTM Gives

- IRR Of The Bond
- ARR Of The Bond
- Real Rate Of The Bond
- Coupon Rate Of The Bond

22. Bond Prices Are Sensitive To Many Factors

- Interest Rate
- Credit Rating
- Prepayment Risk
- All Of The Above

23. Interest Rate Risk Is Measured By

- Duration
- Convexity
- Gap Analysis
- All Of The Above

24. Swaptions Are

- Options On Swaps
- Options And Futures

- Options On Forwards
- Options On Mibor
- 25.A Cap Also Called Ceiling
 - Is A Call Option On Interest Rate
 - A Put Option On Interest Rate
 - A Short Option On Interest Rate
 - All Of The Above
- 26. Reinvestment Risk Exists
 - For A Bond With Call Option
 - For A Bond With Coupon Rate
 - For A Bond With A Put Option
 - For A Bond With Hold Option
- 27. Var Stands For
 - Value-At-Risk
 - Volume At Risk
 - Value At Redemption
 - Volume At Redemption
- 28. Decline In Credit Rating
 - Price Of Bond Will Fall
 - Price Of Bond Will Rise
 - Price Of Bond Will Be Stable
 - All Of The Above
- 29. Pure Discount Basis Means
 - Total Money Paid On Maturity Is More Than Investment Amount
 - Total Money Paid On Maturity Is Less Than Investment Amount
 - Total Money Paid On Maturity Is Same As Invested Amount
 - All Of The Above
- 30. Price Sensitivities Are
 - Higher For Longer Tenor Bonds
 - Lower For Longer Tenor Bonds
 - Same For All Tenor Bonds
 - Higher For Shorter Tenor Bonds
- 31. Current Yield
 - Does Not Consider Time Value Of Money
 - Measure The Yield On A Bond
 - Is Very Simplistic
 - All Of The Above

- 32. Corporates Use International Bond Market To Raise Funds In Foreign Currency
 - The Above Statement Is True
 - The Above Statement Is False
 - The Above Statement Is Not Applicable

- There Is No Relation Of International Bond Markets And Currency
- 33. Global Bond Is A Bond
 - Issued In Several Countries At The Same Time
 - Issued In Home Country
 - Issued In Foreign Country
 - All Of The Above
- 34. Exchange Traded Currency Future Is
 - Derivative Contract
 - Future Contract
 - Option Contract
 - All Of The Above
- 35. Currency Futures Are Permitted In
 - Dollar- Rupee
 - Euro- Rupee
 - Yen- Rupee
 - All Of The Above
- 36. Fii And Fdi
 - Are Related To Investment In A Foreign Country
 - Are Related To Investment In Home Country
 - Are Not Different From Each Other
 - All Of The Above
- 37. Institutional Investors Include
 - Banks
 - Pension Funds
 - Insurance Companies
 - All Of The Above
- 38. A Safe Haven For Investors Money Is
 - Debt Market
 - Equity Market
 - Speculative Market
 - All Of The Above
- 39. Returns Refers To
 - Gain Expected By Investor
 - Regular Income
 - Capital Gain
 - All Of The Above

- 40. Euro Bonds Are Issued As
 - Fixed Coupon Bonds
 - Floating Rate Bonds
 - Zero Coupon Bonds
 - All Of The Above

41. Municipal Bonds Are Known As

- Munis
- Munchies
- Munbis
- Mibors

42. Following Are The Issuers Of Bonds

- Governments
- Corporate
- Public Sector Units
- All Of The Above

43. Interest Rate Risk Is A Type Of

- Credit Risk
- Market Risk
- Operational Risk
- All Of The Above

44. Credit Rating Agencies Determine Interest Rates

- False
- True
- They Determine The Value Of The Bond
- All Of The Above

45. A Fall In Interest Rates Will Make Prices Of Government Securities

- Go Down
- Go Up
- Remain Unchanged
- None Of These

46. If The Yield On Long Tenure Government Securities Falls Then The Yield Curve Will Become Cheaper

- Flatter
- Shift Downward
- Be A Straight Line

47. Bond Is A Contractual Obligation To Pay

- Interest Specified On The Bond
- At Fixed Intervals
- Principal Amount At Maturity
- All Of The Above

48. Yield Is Of Various Type

- Realised Yield
- Yield To Maturity
- Nominal Yield

- All Of The Above
- 49.This Risk Exists Only For Bond With Call Option
 - Reinvestment Risk
 - Disinvestment Risk
 - Re Purchase Risk
 - All Of The Above
- 50.I R F Stands For
 - Interest Rate Futures
 - Interest Rate Forwards
 - Interest Rate Fixed
 - Interest Rate Fluctuating.

ANSWERS

- | | |
|----|---|
| 1 | 4 |
| 2 | 1 |
| 3 | 1 |
| 4 | 1 |
| 5 | 4 |
| 6 | 4 |
| 7 | 4 |
| 8 | 1 |
| 9 | 1 |
| 10 | 4 |
| 11 | 1 |
| 12 | 4 |
| 13 | 4 |
| 14 | 4 |
| 15 | 1 |
| 16 | 3 |
| 17 | 4 |
| 18 | 1 |
| 19 | 1 |
| 20 | 3 |
| 21 | 1 |
| 22 | 4 |
| 23 | 4 |
| 24 | 1 |
| 25 | 1 |
| 26 | 1 |
| 27 | 1 |
| 28 | 1 |
| 29 | 1 |

30	1
31	4
32	1
33	1
34	1
35	1
36	1
37	4
38	1
39	4
40	4
41	1
42	4
43	2
44	1
45	2
46	2
47	4
48	4
49	1
50	1