

**SERIES: A**



**Name:**.....

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

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

Maximum Marks: 70

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

## Part A

Attempt any 20 questions.

1 What best defines money attitude? [K] [3]

- a) The amount of money one has      b) A person's beliefs and feelings about money
- c) The ability to save money      d) The knowledge of financial products

- 2 \_\_\_\_\_ finance involves managing the financial activities of [U] [1]  
governments and public institutions.

- a) Social                                  b) Business
- c) Public                                 d) Personal

- 3 How long is the typical duration of a general insurance policy? [K] [2, 3]

- [illegible]

- 12 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  
 c) Closing fees d) All of the above
- 13 Pure insurance is primarily aimed at: [U] [2, 3]  
 a) Wealth generation b) Business investment  
 c) Retirement savings d) Financial protection
- 14 Who is a credit defaulter? [K] [4]  
 a) A person who fails to pay EMI. b) A person who promptly plan credit.  
 c) A person who have high CIBIL Score. d) A person who take frequent loans.
- 15 Financial ethics incorporates the following factors [An] [1, 4]  
 (i) Honesty (ii) Justice (iii) Fairness (iv) Sense of Humour  
 a) i, ii and iv b) i, iii and iv  
 c) ii, iii and iv d) i, ii and iii
- 16 MUDRA Yojana scheme is launched in [K] [5]  
 a) 2014 b) 2015  
 c) 2002 d) 2020
- 17 The primary objective of Jan Dhan Yojana is [U] [5]  
 a) Financial inclusion b) Financial support to micro companies  
 c) Provide educational loans d) Promote harmony
- 18 Which of the following statements about interest rates is true? [U] [1]  
 a) Interest rates only apply to loans, not savings accounts b) Interest rates are the same for every bank  
 c) High-interest rates on loans mean you pay more over time d) Interest rates do not affect monthly payments
- 19 Financial socialization primarily occurs through: [K] [1]  
 a) School education b) Social media

- c) Family, peers, and institutions      d) Government policies
- 20 What does market volatility refer to? [U] [3]
- a) Consistent prices      b) Guaranteed returns
- c) Fluctuations in investment prices      d) Low risk
- 21 Which of the following best describes a budget? [A] [4]
- a) A type of financial statement      b) A list of expenses
- c) A detailed plan for spending and saving money      d) A loan agreement
- 22 An aggressive investor is likely to: [U] [4]
- a) Avoid the stock market      b) Focus solely on savings accounts
- c) Seek high returns despite risks      d) Minimize exposure to all investments

(20 × 1 = 20)

### Part B

#### Multiple Choice Questions

Answer any 25 questions.

Each question carries 2 marks

- 23 In the context of financial literacy, tracking expenses helps to [U] [1]
- 
- a) Increased debt      b) Understanding spending patterns
- c) Ignore financial goals      d) Reduce savings
- 24 Which of the following is NOT a decision affected by financial literacy? [U] [1]
- a) Understanding credit card interest rates      b) Deciding on investments for retirement
- c) Choosing a new hobby      d) Evaluating insurance policies
- 25 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 A, because it has higher returns.      b) Stock A, because it has lower volatility.
- c) Stock B, because it has higher      d) Stock B, because it has less

volatility.

- 5

- c) Risk of poor management in a company      d) Risk of changing interest rates
- 32 Calculate future value of Ms. Tiya's investment amounting to Rs. 10,000 for three years at an annual compound interest rate of 9 %. [A] [2]
- a) 13,048      b) 2,700
- c) 12,950      d) 12,700
- 33 Mr. Alex has an investment bearing 12 % interest rate compounded semi-annually. Calculate the effective interest rate earned by him. [A] [2]
- a) 12.36      b) 11.236
- c) 12.55      d) 10.25
- 34 Credit management involves \_\_\_\_\_ [U] [1]
- a) Managing savings and emergency funds      b) Investing in stocks only
- c) Spending money without any credit limit      d) Understanding how to use credit responsibly, including credit scores and interest rates
- 35 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) Both A and R are true, and R is the correct explanation of A.      b) Both A and R are true, but R is not the correct explanation of A.
- c) A is true, but R is false.      d) A is false, but R is true.
- 36 Assertion (A): Gender can influence financial socialization. [U] [1]  
Reason (R): Men and women are often socialized with similar financial behaviors and responsibilities.
- a) Both A and R are true, and R is the correct explanation of A.      b) Both A and R are true, but R is not the correct explanation of A.
- c) A is true, but R is false.      d) A is false, but R is true.
- 37 Credit behaviour includes [K] [4]  
(i) Borrowing habits (ii) Repayment History  
(iii) Guidance on investments
- a) All of the above      b) i and ii

- [illegible]

- 44 If a person's income or \_\_\_\_\_ obligations increase significantly, they may need to \_\_\_\_\_ their insurance coverage to maintain adequate protection. [A] [2, 3]

a) family; reduce                                      b) debt; upgrade

c) personal; cancel                                    d) investment; reassess

45 \_\_\_\_\_ insurance provides a sum assured only upon the policyholder's death, whereas \_\_\_\_\_ insurance provides a payout at the end of the policy term or on the policyholder's death, whichever is earlier. [U] [2, 3]

a) Health;Life    b) Pure;Unit linked

c) Endowment;Pure                                 d) Pure;Endowment

46 A sum of Rs.5,000 is invested at a 4% simple interest rate for 3 years. What is the total amount after 3 years? [A] [3]

a) Rs.5,600    b) Rs.5,500

c) Rs.6,000    d) Rs.5,800

47 What is crowdfunding? [K] [3]

a) A way to borrow money from banks                                      b) Collecting small amounts of money from many people to fund a project

c) A type of insurance                                d) A personal loan

48 From the following list, select types of instalment credit. [E] [4]  
 (i) Student Loan    (ii) Personal Loan    (iii) Overdraft  
 (iv) Credit Cards    (v) Mortgage Loans

a) i, ii and v    b) i, ii and iii

c) i, iii and v    d) i, iv and v

49 How does lack of financial knowledge contribute to investment inertia? [U] [4]

a) It encourages regular investment changes.                                      b) It enhances portfolio diversification.

c) It ensures immediate adjustment to market changes.                                      d) It may lead to indecision, causing reluctance to modify investments

**END OF THE QUESTION PAPER**



**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

- |    |  |  |             |
|----|--|--|-------------|
|    | c) Closing fees  | d) All of the above                              |             |
| 11 | What does market volatility refer to?  |  | [U] [3]     |
|    | a) Guaranteed returns  | b) Fluctuations in investment prices             |             |
|    | c) Low risk  | d) Consistent prices                             |             |
| 12 | Financial Literacy helps individuals to_____   |  | [U] [1]     |
|    | a) Avoid all expenses  | b) Spend without planning                        |             |
|    | c) Ignore financial goals  | d) Manage Personal finances                      |             |
| 13 | Financial ethics incorporates the following factors<br>(i) Honesty (ii) Justice (iii) Fairness (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 | Financial socialization primarily occurs through:  |  | [K] [1]     |
|    | a) Social media  | b) Government policies                           |             |
|    | c) Family, peers, and institutions   | d) School education                              |             |
| 15 | Which of the following best describes a budget?  |  | [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 | Inflation leads to:  |  | [U] [2]     |
|    | a) Purchasing power risk   | b) Default risk                                  |             |
|    | c) Credit risk   | d) Interest rate risk                            |             |
| 17 | Compound interest earned on an investment may also be claculated using the given equation, if F is future value and P is present value |  | [U] [2]     |
|    | a) $F+P$   | b) $(P-F)(1-r)$                                  |             |
|    | c) $P-F$   | d) $F-P$   |             |
| 18 | An example for good financial behavior   |  | [U] [1]     |
|    | a) Having a realistic saving plan  | b) Accumulating credit card debt                 |             |
|    | c) Spending more than Income   | d) Neglecting Savings                            |             |

- 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.
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- 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]



- |    |   |   |             |
|----|---|---|-------------|
|    | c) i only   | d) ii & iii   |             |
| 45 | Which of the following factors primarily contributes to investment inertia?   |   | [U] [4]     |
|    | a) Immediate need for returns   | b) Lack of knowledge and confidence in investing                        |             |
|    | c) High inflation rates   | d) Familiarity with new financial products                              |             |
| 46 | What is liquidity risk?   |   | [An] [2, 3] |
|    | a) Risk of changing interest rates  | b) Risk of being unable to sell an investment quickly without a loss    |             |
|    | c) Risk of losing value due to inflation  | d) Risk of poor management in a company                                 |             |
| 47 | When assessing the adequacy of life insurance, a policyholder should consider their _____ needs, such as outstanding loans and living expenses, to ensure dependents are financially secure. This process is often called a _____ analysis. |   | [A] [2, 3]  |
|    | a) financial; needs   | b) luxury; risk   |             |
|    | c) immediate; coverage  | d) future; liability  |             |
| 48 | How does lack of financial knowledge contribute to investment inertia?  |   | [U] [4]     |
|    | a) It enhances portfolio diversification.   | b) It may lead to indecision, causing reluctance to modify investments. |             |
|    | c) It ensures immediate adjustment to market changes.   | d) It encourages regular investment changes.                            |             |
| 49 | From the following list, select types of instalment credit.<br>(i) Student Loan    (ii) Personal Loan    (iii) Overdraft<br>(iv) Credit Cards    (v) Mortgage Loans   |   | [E] [4]     |
|    | a) i, iii and v   | b) i, ii and iii  |             |
|    | c) i, ii and v  | d) i, iv and v  |             |

**END OF THE QUESTION PAPER**