

# Unit 2 - Week 0

**Course outline**

How does an NPTEL online course work?

**Week 0**

Quiz : Assignment 0

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## Assignment 0

The due date for submitting this assignment has passed. **Due on 2020-01-27, 23:59 IST.**  
 As per our records you have not submitted this assignment.

- 1) With respect to investment banking, which of the following statement(s) is/are not true? 1 point
  - a. Investment banks assist companies to float on a stock market
  - b. Investment banks were set up to regulate investment transactions and have the power to penalise other banks which do not obey the regulations
  - c. Investment banks give advice to companies who need to restructure their finances
  - d. Investment banks give advice and assistance to companies wishing to issue bonds

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 2) The real rate of interest required by investors is 3% p.a., inflation for the next year is expected to be 4% and the liquidity premium is 1% for every year to maturity. If the rate quoted on a two year loan is 11%, the risk premium must be: 1 point
  - a. 7%
  - b. 9%
  - c. 4%
  - d. 3%

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: d
- 3) If people are willing to lend at 7% when inflation is 2% and continue to lend the same amounts when inflation is 4% and interest rates have risen to 8%, they are assumed to be subject to: 1 point
  - a. Money illusion
  - b. Asymmetric information
  - c. Myopic expectations
  - d. Risk aversion

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a
- 4) The reason that finding the present value of a future sum of money requires us to discount it, is that: 1 point
  - a. We can't be certain of receiving it
  - b. Waiting deprives us of its use
  - c. Inflation will reduce its purchasing power
  - d. Waiting involves risk

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 5) \_\_\_\_\_ is a credit facility granted by commercial banks to current account holders 1 point
  - a. Cash credit
  - b. Discounting of bills of exchange
  - c. Overdraft
  - d. Demand loans

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: c
- 6) A saver who is capital-risk averse is worried that interest rates in the economy might: 1 point
  - a. rise.
  - b. remain unchanged.
  - c. fall.
  - d. fall and later rise.

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a
- 7) State whether the following is true or false. 1 point

For every loan account, there is a deposit account

  - a. True
  - b. False

a  
 b

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a
- 8) The benchmark stock market index of India is \_\_\_\_\_ 1 point
  - a. Dow Jones
  - b. Nikkei 225
  - c. S&P 500
  - d. Nifty

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: d
- 9) Commercial banks are said to create money through: 1 point
  - a. Printing of Money
  - b. CRR
  - c. SLR
  - d. Bank Rate

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 10) Which of the following statements are NOT true about commercial banks? 1 point
  - a. Their objective is to make profits
  - b. They manage exchange rates
  - c. They provide online banking facility
  - d. Banks invest in the capital market

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 11) The overall increase in price level is called Inflation 1 point
  - a. True
  - b. False

a  
 b

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a
- 12) The largest commercial bank in the country is \_\_\_\_\_. 1 point
  - a. HDFC Bank
  - b. Central Bank of India
  - c. State Bank of India
  - d. Reserve Bank of India

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: c
- 13) The RBI started functioning from: 1 point
  - a. April 1, 1935 on the terms of the Reserve Bank of India Act, 1935
  - b. April 12, 1934 on the terms of the Reserve Bank of India Act, 1934
  - c. April 1, 1935 on the terms of the Reserve Bank of India Act, 1934
  - d. April 12, 1935 on the terms of the Reserve Bank of India Act, 1934

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: c
- 14) Which of the following banks require meeting targets in respect of sectoral deployment of credit, regional distribution of branches and regional credit-deposit ratios? 1 point
  - a. Private Sector banks
  - b. Public Sector banks
  - c. Foreign banks
  - d. All of the above

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: d
- 15) Theoretically, the Capital Asset Pricing Model (CAPM) is used in finance to determine the 1 point
  - a. Real Rate of Return
  - b. Required rate of return
  - c. Realized Return
  - d. Holding Period Return

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 16) The market value of an asset is the value that a rational investor with full knowledge about the asset's characteristics would be willing to pay. 1 point
  - a. True
  - b. False

a  
 b

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 17) Which of the following is a scheduled bank? 1 point
  - a. Co-operative Banks
  - b. Private Sector Banks
  - c. Public Sector Banks
  - d. All of the above

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: d
- 18) \_\_\_\_\_ account is maintained by businesses for their daily operations 1 point
  - a. Fixed Deposit
  - b. Current
  - c. Recurring Deposit
  - d. Savings

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: b
- 19) Which of the following is a stock concept: 1 point
  - a. Wealth
  - b. National income
  - c. Income
  - d. Savings

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a
- 20) The primary function of money is 1 point
  - a. Medium of exchange function.
  - b. Store of value function.
  - c. Savings function
  - d. Unit of account function.

a  
 b  
 c  
 d

No, the answer is incorrect.  
 Score: 0  
 Accepted Answers: a