



MID-WEST UNIVERSITY
SCHOOL OF MANAGEMENT (MUSOM)
(An Autonomous Institution)
MUSOM EXAMINATION SECTION
FINAL EXAMINATION-2024 (2080)
BACHELOR OF BUSINESS ADMINISTRATION (BBA)
SEMESTER – VIII

Subject: Financial Institutions and Market
Full Marks: 100

Course Code: MGT387
Time: 3 Hrs.

Exam Roll No.:

Section A: Multiple Choice Questions (1×15 = 15 Marks)

Time: 15 Minutes

Tick (✓) the correct answers

1. What is the primary objective of financial markets?
 - a. Generating profits for investors
 - b. Facilitating economic growth and efficiency
 - c. Controlling inflation rates
 - d. Regulating environmental policies
2. Default risk in financial intermediation refers to:
 - a. Failure to meet loan obligations
 - b. Excessive lending to high-risk borrowers
 - c. Losses due to changes in interest rates
 - d. Lack of government regulations
3. Monetary policy refers to the management of.....
 - a. fiscal deficits
 - b. government expenditures
 - c. money supply and interest rates
 - d. environmental conservation efforts
4. Commercial banks primarily raise funds through.....
 - a. issuing bonds
 - b. selling stocks
 - c. accepting deposits
 - d. borrowing from central banks
5. The function of securities markets in price discovery involves....
 - a. setting fixed prices for securities.
 - b. determining the value of financial assets.
 - c. regulating interest rates.
 - d. controlling inflation rates.
6. The primary market for government securities is characterized by.....
 - a. secondary trading among investors.
 - b. Issuance of new securities by the government
 - c. Speculative activities
 - d. Regulation of environmental policies
7. Bid-ask spread in securities trading represents.....
 - a. price difference between buying and selling securities.
 - b. inflation rates.
 - c. interest rate changes.
 - d. unemployment figures.
8. Bank runs and panics occur due to.....
 - a. excessive consumer confidence.
 - b. adequate liquidity.
 - c. lack of confidence and withdrawals by depositors.
 - d. strict government regulations.

9. What is the primary function of central banks?
 - a. Managing environmental policies.
 - b. Regulating fashion trends.
 - c. Formulating and implementing monetary policy.
 - d. Producing consumer goods.
10. The secondary market for government securities involves.....
 - a. issuance of new securities
 - b. trading of existing securities among investors
 - c. regulation of stock prices
 - d. speculative activities
11. What does the term "carry" refer to in securities trading?
 - a. Price difference between buying and selling securities.
 - b. Interest rate movements.
 - c. Profit earned from holding a security.
 - d. Inflation expectations.
12. Which economic variable is not directly related to interest rates?

a. Money supply	c. Prices
b. Unemployment rate	d. Exchange rates
13. Liquidity risk in financial institutions refers to.....
 - a. potential losses due to changes in interest rates.
 - b. inability to meet short-term obligations.
 - c. excessive lending to high-risk borrowers.
 - d. lack of government regulations.
14. Securities markets are important for.....
 - a. producing agricultural commodities.
 - b. facilitating price discovery and liquidity provision.
 - c. managing social media platforms.
 - d. regulating fashion trends.
15. Regulation and supervision in the financial system aim to.....
 - a. promote financial instability
 - b. facilitate bank runs and panics
 - c. ensure compliance with laws and regulations
 - d. increase liquidity risk

