

320 - Project Finance and Trade Finance

1. What are the characteristics of Project Finance?

- A) Short-term financing
- B) Limited risk-sharing
- C) Collateral-based lending
- D) Long-term financing for specific projects

Answer: D) Long-term financing for specific projects

2. What is a prerequisite for Project Finance?

- A) High collateral
- B) Short project duration
- C) Detailed project feasibility study
- D) Limited financial analysis

Answer: C) Detailed project feasibility study

3. Who benefits from Trade Finance?

- A) Only large corporations
- B) Only financial institutions
- C) Both importers and exporters
- D) Only domestic producers

Answer: C) Both importers and exporters

4. What is one challenge for SMEs in accessing trade finance?

- A) Limited market access
- B) Lack of government support
- C) High interest rates
- D) Insufficient collateral

Answer: D) Insufficient collateral

5. What are the benefits of Trade Finance?

- A) Increased market volatility
- B) Limited international transactions
- C) Reduced payment risks
- D) Minimal regulatory compliance

Answer: C) Reduced payment risks

6. What is a common step involved in project assessment?

- A) Ignoring market trends
- B) Conducting a detailed feasibility study
- C) Relying solely on intuition
- D) Limiting financial analysis

Answer: B) Conducting a detailed feasibility study

7. Which is a capital budgeting tool used for project evaluation?

- A) Stock price analysis
- B) Payback period
- C) Market share analysis

D) Customer satisfaction survey

Answer: B) Payback period

8. What is the method of financing for Domestic Trade?

A) Limited market access

B) Working capital

C) Stock market investments

D) Real estate investments

Answer: B) Working capital

9. What is the purpose of Deferred Payment Guarantee?

A) Increase market volatility

B) Reduce payment risks

C) Limit financial transparency

D) Ignore regulatory compliance

Answer: B) Reduce payment risks

10. What is a measure used by investors for project evaluation?

A) Revenue growth rate

B) Payback period

C) Limited financial analysis

D) Reduced market exposure

Answer: B) Payback period

11. What is a highlight of the Project Finance market?

- A) Decreased market participation
- B) Limited geographical expansion
- C) Increased sector-specific financing
- D) Ignoring regulatory compliance

Answer: C) Increased sector-specific financing

12. What are the means of finance for Project Financing in India?

- A) Limited government support
- B) Norms and policies of financial institutions
- C) Minimal market regulation
- D) Lack of SEBI guidelines

Answer: B) Norms and policies of financial institutions

13. What are SEBI Guidelines related to Project Financing?

- A) Securities market regulations
- B) Foreign exchange controls
- C) Real estate investments
- D) Stock market analysis

Answer: A) Securities market regulations

14. What are the schemes of assistance in Project Financing?

- A) Limited market access
- B) Norms and policies of financial institutions

- C) Reduced government support
- D) Increased regulatory compliance

Answer: B) Norms and policies of financial institutions

15. What is a term loan procedure for Project Financing?

- A) Ignoring market trends
- B) Limited financial analysis
- C) Detailed project feasibility study
- D) Reduced market exposure

Answer: C) Detailed project feasibility study

16. What is a commercial risk associated with Project Finance?

- A) Limited market participation
- B) Macroeconomic risks
- C) Increased regulatory compliance
- D) Insufficient cash flow

Answer: D) Insufficient cash flow

17. What is a regulatory and political risk in Project Finance?

- A) Increased market volatility
- B) Macroeconomic risks
- C) Reduced government intervention
- D) Change in government policies

Answer: D) Change in government policies

18. What is a risk involved in trade finance?

- A) Limited market access
- B) Currency risk
- C) Insufficient collateral
- D) Decreased payment risks

Answer: B) Currency risk

19. What is a risk mitigation methodology for projects?

- A) Increased market participation
- B) Limited financial analysis
- C) Comprehensive risk assessment
- D) Ignoring regulatory compliance

Answer: C) Comprehensive risk assessment

20. What is an exchange risk in trade finance?

- A) Reduced market exposure
- B) Limited international transactions
- C) Currency fluctuation risk
- D) Minimal market volatility

Answer: C) Currency fluctuation risk

21. What is an essential component of debt structure documentation?

- A) Limited market participation

- B) Security and credit rights
- C) Decreased regulatory compliance
- D) Ignoring market trends

Answer: B) Security and credit rights

22. What is a characteristic feature of payment waterfall?

- A) Increased market volatility
- B) Limited financial transparency
- C) Sequence of payment priorities
- D) Minimal market exposure

Answer: C) Sequence of payment priorities

23. What is collateral in trade finance?

- A) Increased market participation
- B) Reduced payment risks
- C) Security for the loan
- D) Ignoring regulatory compliance

Answer: C) Security for the loan

24. What are inter-creditor issues in project financing?

- A) Limited market access
- B) Conflict resolution between creditors
- C) Increased regulatory compliance
- D) Minimal market volatility

Answer: B) Conflict resolution between creditors

25. What is the purpose of debt service covenants?

- A) Reduced market exposure
- B) Ensure timely debt repayment
- C) Minimal financial transparency
- D) Ignoring market trends

Answer: B) Ensure timely debt repayment