

404- Current Trends & Cases in Finance

1. What is microfinance?

- a) Provision of small loans to low-income individuals or groups
- b) Investment in large-scale financial institutions
- c) Financing for macroeconomic projects
- d) Corporate financing for multinational companies

Answer: a) Provision of small loans to low-income individuals or groups

2. Which institution pioneered the concept of microfinance?

- a) World Bank
- b) Grameen Bank
- c) International Monetary Fund (IMF)
- d) Reserve Bank of India (RBI)

Answer: b) Grameen Bank

3. What is the main difference between microcredit, micro-savings, and microfinance?

- a) Microcredit involves lending, micro-savings involve saving, and microfinance encompasses both.
- b) Microcredit is for individuals, micro-savings for groups, and microfinance for communities.
- c) Microcredit is for short-term needs, micro-savings for long-term goals, and microfinance for overall financial services.

d) There is no difference; the terms are interchangeable.

Answer: a) Microcredit involves lending, micro-savings involve saving, and microfinance encompasses both.

4. Which regulatory body in India oversees the development of microfinance?

a) Securities and Exchange Board of India (SEBI)

b) National Bank for Agriculture and Rural Development (NABARD)

c) Reserve Bank of India (RBI)

d) Ministry of Finance

Answer: b) National Bank for Agriculture and Rural Development (NABARD)

5. What is one innovative microfinance model in India?

a) Traditional banking services

b) Self-Help Groups (SHGs)

c) Large-scale corporate financing

d) Stock market investments

Answer: b) Self-Help Groups (SHGs)

6. What is the primary objective of small finance banks?

a) To cater to the needs of large corporations

b) To provide banking services to small and marginal farmers

c) To focus on financial inclusion by serving underserved and unserved sections of the population

d) To offer high-interest savings accounts to affluent individuals

Answer: c) To focus on financial inclusion by serving underserved and unserved sections of the population

7. What is the main function of Self-Help Groups (SHGs)?

a) To provide microloans to large corporations

b) To facilitate community savings and lending activities

c) To invest in stock markets

d) To regulate small finance banks

Answer: b) To facilitate community savings and lending activities

8. Which regulatory body governs payment banks in India?

a) Securities and Exchange Board of India (SEBI)

b) National Bank for Agriculture and Rural Development (NABARD)

c) Reserve Bank of India (RBI)

d) Ministry of Finance

Answer: c) Reserve Bank of India (RBI)

9. What is the primary purpose of retail banking?

a) To serve large corporate clients

b) To offer financial services to individual consumers

c) To regulate small finance banks

d) To invest in large-scale infrastructure projects

Answer: b) To offer financial services to individual consumers

10. What is one key aspect of customer relationship management (CRM) in retail banking?

- a) Maximizing profits for the bank
- b) Building long-term relationships with customers
- c) Offering standardized services to all customers
- d) Ignoring customer feedback

Answer: b) Building long-term relationships with customers