

## Sample Questions

### Finance and Banking Services

1. Debt ratio is the ratio of \_\_\_\_\_.
  - a. current liabilities to current assets
  - b. current assets to current liabilities
  - c. total assets to total liabilities
  - d. total liabilities to total assets
  
2. Which of the following is correct in regards to gross profit?
  - a. It is always equal to net profit.
  - b. It is always more than net profit.
  - c. It is always less than net profit.
  - d. It has no relation to net profit.
  
3. Which of the following are high risk stocks?
  - a. Common stocks
  - b. Preferred stocks
  - c. Both involve the same amount of risk.
  - d. It depends upon the market situation.
  
4. What is the difference between American and European index options?
  - a. American index option may be exercised any time before the option expires, while European index option may be exercised only at expiration.
  - b. American index option stops trading one day before European index option.
  - c. European index option may be exercised any time before the option expires, while American index option may be exercised only at expiration.
  - d. European index option stops trading two days before American index option.

5. State whether the following statement is True or False:

The interest rate on loans either decreases or remains the same if the CRR is reduced.

- a. True
- b. False

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