

SHRI GURU NANAK DEGREE COLLEGE

PREET VIHAR RUDRAPUR

B.com - III Semester

B.VOC.-01 Financial Literacy

Section A – Long Answer Type Questions (10 Marks Each)

Unit I: Introduction to Financial Literacy

1. Define financial literacy. Explain its meaning and importance in today's world.
2. Discuss the need for financial literacy in India.
3. Explain how financial education contributes to achieving financial well-being.
4. Describe the role of financial literacy in day-to-day decision-making.
5. What are the components of financial planning? Explain in detail.
6. Discuss the significance of budgeting in personal finance management.
7. How can financial planning help avoid future financial crises?
8. Explain the importance of setting financial goals.
9. Analyze the interrelationship between saving, investing, and financial literacy.
10. Illustrate the importance of financial literacy with examples from real-life scenarios.

Unit II: Financial Institutions and Investment

1. Define banking and non-banking financial institutions with examples.
2. Explain the role of post offices as financial institutions.
3. Discuss the meaning and importance of saving.
4. What are the various investment avenues available in India?
5. Differentiate between saving and investment with suitable examples.
6. Explain the importance of family budgeting and how it helps in planning.
7. Analyze the risks associated with various investment avenues.
8. Explain the process and importance of financial record keeping.
9. Discuss the role of financial institutions in promoting savings culture.
10. How do financial institutions support economic development?

Unit III: Banking

1. What are the different types of banks? Describe in detail.
2. Discuss the services offered by banks to customers.
3. Explain the procedure to open different types of bank accounts.
4. Discuss the importance of KYC norms in banking.
5. Compare the features of ATM, Debit Card, and Credit Card.
6. Explain the concept and benefits of E-banking.
7. What is cashless banking? How does it work in practice?
8. Describe the importance of digital literacy in banking operations.
9. Explain the steps involved in banking fraud prevention.
10. Discuss how digital transformation is changing the face of banking in India.

Unit IV: Loans

1. Define loans. What are the different types of loans offered by banks?
2. Differentiate between secured and unsecured loans with examples.
3. Discuss the process of applying for a loan in a bank.
4. Explain the advantages and disadvantages of short-term loans.
5. What are medium and long-term loans? Explain with examples.
6. Explain the role of creditworthiness in loan approval.
7. How can individuals manage their debt responsibly?
8. Describe the documentation required to apply for a loan.
9. Explain the concept of EMI and how it is calculated.
10. Discuss the impact of loan defaults on an individual's credit score.

Unit V: Insurance

1. Define life insurance. Explain different types of life insurance policies.
2. What is term insurance? How is it different from endowment plans?
3. Discuss the importance of pension policies in retirement planning.
4. What is health insurance? How does it work?
5. Explain the role of property insurance and who should buy it.
6. Compare life insurance and general insurance.
7. Discuss the process of claim settlement under health insurance.
8. Explain the benefits of having insurance in financial planning.
9. Describe how insurance helps in risk management.
10. Analyze the role of IRDAI in regulating insurance in India.

Section B – Short Answer Type Questions

Unit I

1. What is financial literacy?
2. Why is financial education important for students?
3. Define financial planning.
4. Write two benefits of being financially literate.
5. What is budgeting?
6. List components of financial planning.
7. Mention two tools used in personal financial planning.
8. What is meant by financial well-being?
9. How does literacy impact financial decision-making?
10. Differentiate between budgeting and saving.

Unit II

1. Define a financial institution.
2. What is the role of post offices in banking?
3. What is saving?
4. Define investment.
5. Write two examples of investment avenues.
6. What is the meaning of a family budget?
7. Difference between saving and investment.
8. What is the importance of investing early?
9. Define risk in investment.
10. Write a short note on investment planning.

Unit III

1. Name two types of banks.
2. What is a savings bank account?
3. Define e-banking.
4. What is an ATM?
5. Write a short note on KYC.
6. What are debit and credit cards?
7. What is cashless banking?
8. How do banks help customers?
9. What is a fixed deposit account?
10. Mention two advantages of internet banking.

Unit IV

1. Define a loan.
2. What is a secured loan?
3. What is an unsecured loan?
4. List types of loans.
5. Define EMI.

6. What is the use of credit reports?
7. Mention documents needed for loan application.
8. What is a long-term loan?
9. What is a short-term loan?
10. What is a mortgage loan?

Unit V

1. What is life insurance?
 2. Define term insurance.
 3. What is a pension policy?
 4. Define health insurance.
 5. What is general insurance?
 6. What is the role of IRDAI?
 7. What is a premium in insurance?
 8. Write two benefits of health insurance.
 9. What is property insurance?
 10. What is claim settlement?
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Section C – Multiple Choice Questions

Unit I

1. Financial literacy helps in:
 - a) Cooking
 - b) Making informed financial decisions
 - c) Travelling
 - d) None of these
2. Which of the following is not a component of financial planning?
 - a) Budgeting
 - b) Investment
 - c) Watching TV
 - d) Saving
3. Financial well-being means:
 - a) Having lots of friends
 - b) Ability to meet financial obligations
 - c) Being a billionaire
 - d) None

4. Budgeting helps in:
 - a) Increasing confusion
 - b) Managing expenses
 - c) Increasing debt
 - d) None
5. Financial education contributes to:
 - a) Poor money habits
 - b) Financial stability
 - c) Waste of money
 - d) None
6. Which of these is a benefit of financial planning?
 - a) No savings
 - b) Financial discipline
 - c) Impulse spending
 - d) None
7. Financial planning excludes:
 - a) Setting goals
 - b) Investing
 - c) Overspending
 - d) Insurance
8. Financial literacy is important for:
 - a) Everyone
 - b) Only rich
 - c) Only students
 - d) No one
9. Financial decisions affect:
 - a) Only your neighbor
 - b) Your future
 - c) None
 - d) All
10. The first step of financial planning is:
 - a) Spending
 - b) Budgeting
 - c) Goal setting
 - d) None

Unit II

1. NBFC stands for:
 - a) National Bank for Currency
 - b) Non-Banking Financial Company
 - c) National Bond Finance Corporation
 - d) None
2. Post offices provide:
 - a) Pizza
 - b) Saving schemes
 - c) Laundry
 - d) None
3. Which is an investment avenue?
 - a) FD
 - b) Real Estate
 - c) Shares
 - d) All
4. Saving refers to:
 - a) Spending extra
 - b) Keeping aside money
 - c) Taking loan
 - d) None
5. Investment gives:
 - a) Profit
 - b) Loss
 - c) Nothing
 - d) None
6. Budget is prepared to:
 - a) Overspend
 - b) Manage finance
 - c) Waste money
 - d) None
7. Financial institutions do not include:
 - a) Banks
 - b) Post Office
 - c) Grocery Store
 - d) NBFC
8. Saving helps in:
 - a) Debt increase

- b) Future security
 - c) Zero balance
 - d) None
9. Family budget helps to:
- a) Waste money
 - b) Control expenses
 - c) Borrow more
 - d) None
10. Investment avenues include:
- a) Gold
 - b) Shares
 - c) Bonds
 - d) All

Great! Here are the remaining **Multiple Choice Questions (MCQs)** for **Section C**, covering **Units III to V**.

Section C – Multiple Choice Questions

Unit III: Banking

1. A savings account is used for:
- a) Borrowing money
 - b) Depositing and saving money
 - c) Buying groceries
 - d) Paying taxes
2. KYC stands for:
- a) Know Your Customer
 - b) Keep Your Card
 - c) Know Your Credit
 - d) Key Your Cash
3. ATM stands for:
- a) Automatic Transfer Machine
 - b) All Time Money
 - c) Automated Teller Machine
 - d) Any Time Money

4. Debit card is used to:
 - a) Withdraw money from your account
 - b) Deposit money
 - c) Earn interest
 - d) Apply for loans
 5. E-banking enables:
 - a) Visiting banks physically
 - b) Online banking transactions
 - c) Buying online games
 - d) None
 6. Which is a type of bank account?
 - a) Netflix account
 - b) Recurring deposit
 - c) Shopping account
 - d) None
 7. Cashless banking includes:
 - a) UPI
 - b) Debit Cards
 - c) Mobile Banking
 - d) All
 8. The primary function of a bank is:
 - a) Selling goods
 - b) Accepting deposits and lending loans
 - c) Cooking food
 - d) Organizing events
 9. Credit card means:
 - a) Buy now, pay later
 - b) Free shopping
 - c) Permanent money
 - d) Unlimited cash
 10. Banks help in:
 - a) Hiding money
 - b) Financial transactions
 - c) Printing currency
 - d) Import-export
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Unit IV: Loans

1. A secured loan requires:
 - a) Collateral
 - b) Nothing
 - c) Loan sharks
 - d) Insurance
2. A personal loan is an example of:
 - a) Secured loan
 - b) Unsecured loan
 - c) Donation
 - d) Credit policy
3. EMI stands for:
 - a) Every Month Interest
 - b) Equal Monthly Instalment
 - c) Earn More Income
 - d) Easy Money Installment
4. Loan repayment affects:
 - a) Credit score
 - b) Budget only
 - c) Grocery bill
 - d) None
5. Long-term loans are usually for:
 - a) Daily expenses
 - b) House, business, education
 - c) Shopping
 - d) Picnics
6. Which of the following is not a loan type?
 - a) Education loan
 - b) Home loan
 - c) Salary
 - d) Personal loan
7. Loan default leads to:
 - a) Free money
 - b) Legal consequences and bad credit score
 - c) More loans
 - d) None

8. Banks give loans to:
 - a) People with good credit history
 - b) Everyone
 - c) Only rich people
 - d) Anyone without documents
 9. Mortgage is related to:
 - a) Food
 - b) Property loan
 - c) Car service
 - d) Salary bonus
 10. Loan interest is:
 - a) Free
 - b) Payable amount over principal
 - c) Discount
 - d) Cashback
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Unit V: Insurance

1. Insurance is a tool for:
 - a) Risk management
 - b) Entertainment
 - c) Shopping
 - d) Cooking
2. Life insurance provides:
 - a) Life support
 - b) Financial security after death
 - c) Loans
 - d) Bonus
3. Health insurance covers:
 - a) Movie tickets
 - b) Medical expenses
 - c) Gym fees
 - d) Snacks
4. IRDAI stands for:
 - a) Insurance Regulatory and Development Authority of India
 - b) Indian Railway Development Agency of Insurance

- c) Insurance Road Driving Association of India
- d) None

5. General insurance includes:
 - a) Term life insurance
 - b) Car and property insurance
 - c) Family photos
 - d) Gold ornaments
 6. The person who receives insurance benefit is:
 - a) Insurer
 - b) Beneficiary
 - c) Doctor
 - d) Policy officer
 7. Term insurance is:
 - a) Whole life coverage
 - b) Fixed time coverage
 - c) For pets
 - d) House maintenance
 8. Premium in insurance means:
 - a) Monthly fee paid for coverage
 - b) Cashback
 - c) Free benefit
 - d) Discount
 9. Which of the following is NOT a type of insurance?
 - a) Life
 - b) Health
 - c) Property
 - d) Grocery
 10. Insurance claim is:
 - a) Request to receive benefit
 - b) Complaint
 - c) Bank loan
 - d) None
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