B. Write short notes on ***any five*** from the following. (5x1=5)

1. Financial literacy
2. Fixed deposits
3. Luxuries
4. family budget
5. Debit card
6. ULIP

PART B – DESCRIPTIVE

Answer ***any five*** from the following. (5x5=25)

1. What are the significance of Financial literacy?
2. How does numerical ability help in financial literacy?
3. Discuss the need for availing financial services from banks.
4. Explain the different types of economic activities.
5. What are the procedures of financial planning?
6. Highlight the importance of a family budget.
7. What the benefits of investing in mutual funds?
8. Write a note on PPF.
9. What the advantages of cashless banking methods?

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2026

(FYUGP)

(2nd Semester)

VAC

Paper Code : VAC-1

(Financial Literacy)

Full Marks : 37.5

Pass Marks : 40%

Time: 2 Hours

The figures in the margin indicate full marks for the questions.

PART A – OBJECTIVE

A. Choose the correct answer. (½x15=7½)

1. Which of the following is a key component of financial literacy?
   a) Entertainment skills b) Numerical ability
   c) Writing ability d) Banking skill

2. Financial literacy reduces
   a) Income b) Savings
   c) Financial fraud d) Knowledge

3. Mobile app-based services in banking are mainly used for
   a) Online financial transactions b) Playing games
   c) Printing d) Savings

(Turn Over)

4. The main aim of financial literacy is to
   a) Increase debt
   b) Improve financial decision-making
   c) Reduce income
   d) Avoid savings

5. What is the primary purpose of a budget?
   a) To increase spending
   b) To track income and expenses
   c) To avoid saving
   d) To borrow money

6. Economic wants refer to
   a) Unlimited desires for goods and services
   b) Limited needs
   c) Only luxury items
   d) Food requirements

7. Resources used to satisfy economic needs are
   a) Unlimited b) Limited
   c) Increasing d) Decreasing

8. The main economic problem arises due to:
   a) Unlimited resources
   b) Limited wants
   c) Unlimited wants and limited resources
   d) No wants

9. Which of the following is a benefit of financial planning?
   a) Financial stress b) Better money management
   c) Increased debt d) Poor savings

(Continued)

10. Financial planning means
   a) Random spending
   b) planning how to manage income and expenses
   c) Avoid saving
   d) Borrowing money unnecessarily

11. Which type of account is mainly used for daily transactions by businesses?
   a) Savings Account b) Recurring Deposit
   c) Current Account d) Fixed Deposit

12. Sukanya Samriddhi Yojana is meant for
   a) Boys' education b) Girl child savings
   c) Farmers' welfare d) Old age pension

13. One major benefit of mutual funds is
   a) No risk
   b) Guaranteed return
   c) Diversification
   d) No investment required

14. Which insurance covers medical expenses?
   a) Life Insurance b) Term Insurance
   c) Health Insurance d) Pension Policy

15. Credit card allows
   a) Using own money only
   b) Borrowing money for purchases
   c) Depositing money
   d) Saving money

(Turn Over)