

# **FINANCIAL MARKETS AND SERVICES**

## **Finance-Specialization**

### **BCom-VI Semester-CUCBCSS-2014 onwards.**

#### **MULTIPLE CHOICE QUESTION BANK WITH ANSWER KEYS**

1) ----- is a set of complex or closely connected or intermixed institutions, agents, practices, markets claims etc. In an economy.

- A) Financial intermediary
- B) Financial company
- C) Financial system
- D) None of these

2) Bonds, bearer debenture, government securities are the example for

- A) Non marketable asset
- B) Marketable asset
- C) Primary asset
- D) Secondary asset

3) -----is a money assets consist of coins and currency notes and created money.

- A) Cash asset
- B) Stock asset
- C) Debt asset
- D) Primary asset

4) Market for short term funds usually for one year is called

- A) Capital market
- B) Money market
- C) Primary market
- D) Secondary market

5) -----is a place where foreign moneys are bought and sold

- A) Money market
- B) Financial mortgage market
- C) FOREX market

D) Capital market

6) Those persons who do not accept deposit from the public, but merely lend their own funds

A) Bankers

B) Borrowers

C) Agents

D) Money lenders

7) FERA was passed by the Govt of India in

A) 1947

B) 1946

C) 1945

D) 1948

8) LAF ( liquidity adjustment facility) was introduced by RBI during

A) July 2000

B) June 2000

C) June 2001

D) July 2001

9) -----is the purchase of a security tied to an agreement to sell back later

A) Refinance

B) Reverse repo

C) Mortgage

C) Repo

D) LAF

10) Banking regulation act was passed in

A) 1939

B) 1949

C) 1945

D) 1935

11) To facilitate multiple rediscounting and reduce paper movements RBI introduce

A) DUPN

B) SUPN

C) CURN

D) DURN

12) -----is an amount borrowed or lent on demand for a very short period

A) Call money

B) Notice money

- C) Both A&B
- D) None of these

13) RBI issue -----day treasury bills in 1977

- A) 14
- B) 40
- C) 344
- D) 91

14) Money market instruments consist of

- A) CD's
- B) CP's
- C) MMMFS
- D) All of these

15) In MMMFS the second and third 'M' consist of

- A) Money market
- B) Market mutual
- C) Mutual market
- D) Money mutual

16) The market for industrial securities is termed as

- A) Long term loan market
- B) Govt securities market
- C) Money market

D) None of these

17) SEBI was established in

A) 4<sup>th</sup> April 1982

B) 4<sup>th</sup> April 1992

C) 4<sup>th</sup> June 1992

D) 4<sup>th</sup> June 1993

18) The markets which generally confined to the stock exchanges

A) Primary market

B) Secondary market

C) Tertiary market

C) All of these

19) Government securities market also called

A) Industrial securities

B) Guilt edged securities

C) MM securities

D) Capital securities

20) Long term loan market includes

A) Term loan market

B) Mortgage market

C) Financial guarantee market

D) All of these

21) BSE's online trading system is called

A) COLT

B) DOLT

C) BOLT

D) ROLT

22) ETF stands for

A) Exchange traded funds

B) Exchange traded facility

C) Exchange traded forms

D) Exchange traded finance.

23) -----is an equity linked debt security

A) ADR

B) GDR

C) Euro issues

D) FCCB

24) Companies are permitted to issue a new class of shares named nonvoting shares as per

A) Sec 85 A

B) Sec 84 A

C) Sec 89 A

D) Sec 86 A

25) In 2001 SEBI guidelines mandated a minimum level of public holding at ----% for companies carrying out fresh IPO's

A) 23%

B) 24%

C) 25%

D) 26%

26) -----pool resources from those who save and allocate them to various investment opportunities

A) Mutual funds

B) LIC

C) Banks

D) RBI

27) A) a debenture is an acknowledgement of debt due by a company issued under a common seal B) bonus shares can be issued only out of free reserves built out of revenue profit or share premium collected in cash

A) A is true B is false

B) A is false B is true

C) Both are true



D) Both are false

28) Process used by companies raising capital through IPO's and FPO's to aid price and demand discovery

A) ESOP

B) Book building

C) Bonus issue

D) Euro issue

29) In the methods of marketing securities BOD stands for

A) Board of directors

B) Buy out deals

C) Bought out discount

D) Bought out deals

30) FDI stands for

A) Foreign Development Institution

B) Foreign Direct Investment

C) Financial Direct Investment

D) Foreign Development Investment

31) Indian companies are allowed to raise capital in the international market through the issue of

A) ADR

B) GDR

C) ADR & GDR

D) None of these

32) Bonds that are denominated in a currency other than that of the country in which they are issued

A) Drop lock bond

B) Euro bond

C) Straight debt bond

D) Convertible bond

33) -----is a dollar denominated form of equity ownership

A) ADR

B) GDR

C) SDR

D) USD

34) The apex authority of insurance industry

A) IBRD

B) IRDA

C) RBI

C) LIC

35) GIC has its registered office and head quarters in

A) Luck now

B) Mumbai

C) Chennai

D) Maharashtra

36) -----was founded in 1956 with the merger of 243 insurance companies and provident societies

A) LIC

B) GIC

D) RBI

D) SBI

37) IRDA act was passed in

A) 1999

B) 2000

C) 2001

D) 2002

38) Identify public sector undertaking

A) United India insurance

C) HDFC life

D) ICICI prudential

D) Bharti Axa

39) General insurance include

A) Auto insurance

B) Life insurance

C) Both A& B

D) None of these

40) -----is a form of protection against possible risk

A) Banking

B) Factoring

C) Insurance

D) Investment

41) A) BSE was the first to offer screen based trading all over India B) nse is the leading and the oldest stock exchange in India as well as in Asia.

A) A is true B is false

B) B is true A is false

C) Both are true

D) Both are false

42) Stock exchange also referred as

A) Primary market

B) FOREX market

C) Secondary market

D) OTCEI

43) Identify one which is not the function of stock exchange

A) Safety of funds

B) Fair price determination

C) Provide ready market

D) Raising of capital

44) -----is a process through which any member-owned organisation becomes a shareholder-owned company

A) Delisting

B) Demutualization

C) Recapitalization

D) Demembership

45) NSE indices includes

A) CNX MID CAP

B) CNX NIFTY JUNIOR

C) S&P CNX NIFTY

D) All of these

46) BSE index is also called

A) SENSEX

B) NIFTY

C) NASDAQ

D) None of these

47) -----is the first exchange for small companies

A) BSE

B) NSE

C) OTCEI

D) SEBI

48) Selling of a security that an investor does not own is called

A) Small selling

B) Short selling

C) Credit sale

D) None of these

49) RBI was established in

A) 1945

B) 1935

C) 1955

D) 1949

50) -----refers to a fixed number of units of the underlying asset that form part of a single F&O contract

A) Forward

B) Lot size

C) Lottery

D) Future

51) At present India have two depositories namely

A) NDSL & CSDL

B) NSDL & CDSL

C) SDNL & SDCL

D) DLNS & SLCD

52) NASDAQ is

A) An American stock exchange

B) An Australian stock exchange

C) An Indian stock exchange

D) Not a stock exchange

53) Group of speculators buy the securities and they will buy and sell securities themselves to push up the prices id termed as

A) Price rigging

B) Insider trading

C) Fair dealing

D) Price speculation

54) ----- is a receipt for a deposit of money with a bank or a financial institution

A) CD'S

B) CP'S

C) TB'S

D) PC'S

55) ---- is a short term usance promissory note with fixed maturity.

A) CD'S

B) CP'S

C) TB'S

D) PC'S

56) -----are instrument of short term borrowing by the govt of India, issued as promissory notes under discount

A) CD'S

B) CP'S

C) TB'S

D) PC'S

57) Debentures can be issued

A) at par

B) at premium

C) at discount

D) All of these

58) Failure of the opposite party to deliver the promised security

A) Interest rate risk

B) Default risk

C) Counter party risk

D) Price risk

59) Securities and exchange board of India issue and listing of debt securities amendment regulations act was passed in

A) 2012

B) 2013

C) 2014



D) 2015

60) Percentage rate of return paid on a stock in the form of dividends is called

A) Profit

B) Yield

C) Reserve

D) Premium

61) Income tax act was enacted in

A) 1861

B) 1961

C) 1971

D) 1981

62) IBRD is also known as

A) Reserve bank

B) Scheduled bank

C) Central bank

D) World bank

63) Expand NABARD

A) National bank for agriculture and resource development

B) National bank for agriculture and reconstruction and development

- C) National bank for agriculture and rural development
- D) Nationalized bank for agriculture and rural development

64) Identify one which is not the segment in the debt market

- A) Primary market
- B) Capital market
- C) Secondary debt market
- D) Wholesale debt market segment.

65) -----bond is bought at a price below face value

- A) Coupon bond
- B) Floating rate bond
- C) Zero coupon bond
- D) PSU bond

66) Term lending institution include

- A) IDBI
- B) NABARD
- C) EXIM BANK
- D) HUDCO

67) SFC is created under an act in

- A) August 1952
- B) September 1952

C) October 1952

D) November 1952

68) ----- is an apex banking institution in the field of long term industrial finance

A) NABARD

B) IDBI

C) IFCI

D) SIDBI

69) IDBI was converted in to banking company in

A) 1995

B) 2005

C) 2002

D) 2004

70) IDBI subsidiaries does not include

A) ICMS

B) IAML

C) IMTCL

D) IFCI

71) IFCI stands for

A) Industrial finance corporation of India

B) Industrial financial company of India

C) Investment finance corporation of India

D) Investment financial company of India

72) The authorised share capital of IFCI is Rs

A) 50 crore

B) 40 crore

C) 30 crore

D) 20 crore

73) A) NABARD is an apex development bank for agriculture and rural development  
B) NABARD has to perform dual function, the function of rbi and the function of ARDC

A) Both are true

B) Both are false

C) A is true B is false

D) A is false B is true

74) For digitalization of SHG (self help groups) NABARD introduce

A) E SEVA

B) E SHAKTI

C) E GOVERN

D) E KISAN

75) Kisan credit card is issued by

A) RBI

B) IDBI

C) NABARD

D) SIDBI

76) ----- is the subsidiary of IDBI was setup under a separate act of parliament on 2<sup>nd</sup> April 1990

A) IFCI

B) SIDBI

C) HUDCO

D) HDFC

77) MUDRA bank was announced in the union budget in the year

A) 2014

B) 2015

C) 2016

D) 2017

78) MUDRA Ltd has been set up as a subsidiary of

A) IDBI

B) IFCI

C) SIDBI

D) NABARD

79) The entire business of IDBI relating to export financing are done by

A) IDBI ITSELF

B) RBI

C) SIDBI

D) EXIM BANK

80) The board of directors of EXIM bank includes

A) ECGC

B) Public sector banks

C) RBI

D) All of these

81) The main purpose of -----was to prevent and cure the problems of industrial sickness

A) IDBI

B) IRBI

C) IRCI

D) IIBI

82) NHB (national housing bank) established under the recommendation of the committee headed by

A) Dr. Raguram rajan

B) Dr. Narasimha rao

C) Dr. Ranga rajan

D) D. Subbarao

83) The initial share capital of NHB

A) 100 crore

B) 200 crore

C) 50 crore

D) 150 crore

84) All SFC'S is depends upon the rules and regulations of

A) State Govt

B) WTO

C) IDBI

D) Central Govt

85) The first SFC was established in

A) Gujarat

B) Punjab

C) Haryana

D) Uttar pradesh

86) The SFC act is applicable to all except

A) Sikkim

B) Punjab

C) Haryana

D) None of these

87) -----was incorporated under SFC act 1951

A) KFC

B) SFC

C) IDFC

D) UTI

88) The head quarters of KFC is situated at

- A) Malappuram
- B) Calicut
- C) Thiruvananthapuram
- D) Ernakulum

89) The UTI was setup under an act of parliament in

- A) 1962
- B) 1963
- C) 1964
- D) 1965

90) Advantages of mutual funds include

- A) Liquidity
- B) Safety
- C) The diversification penalty
- D) A & B

91) -----is one that is available for subscription all through the year

- A) Open ended funds
- B) Close ended funds
- C) Stock fund
- D) Bond fund



92) -----is invest in shorter securities such as treasury bills

- A) Bond fund
- B) Money market funds
- C) Stock fund
- D) Equity funds

93) Commercial paper does not includes

- A) Direct papers
- B) Medium term note
- C) Master note
- D) Participation certificate

94) The main source of guarantee in India are

- A) Personal guarantee
- B) Govt guarantee
- C) Institutional guarantee
- D) All of these

95) Features of money market does not include

- A) Security price formation
- B) Presence of bills market
- C) Ample supply of funds
- D) Existence of central bank

96) An individual or private firm receiving deposits and dealing in Hundies or lending money is called

- A) Money lenders
- B) Indigenous bankers
- C) Organized bankers
- D) All of these

97) -----is the bankers bank

- A) Commercial bank
- B) RBI
- C) World bank
- D) IMF

98) Every scheduled bank is required to maintain a fixed percent of their time and demand deposit as

- A) SLR
- B) Bank rate
- C) CRR
- D) REPO

99) If a company issues additional securities, first it is offered to existing share holders, it is known as

- A) Preferential right
- B) Right issue
- C) Private placement
- D) Underwriting

100) Methods of floating capital from the primary markets are

- A) IPO
- B) Public issue
- C) New fund offer
- D) All the above

101) -----Is financing that investors provide to startup companies that are believed to have long term growth potential

- A) Debentures
- B) Venture capital
- C) Equity share capital
- D) Preference share capital

102) In factoring business sells its accounts receivable to a third party at a

- A) Discount
- B) Profit
- C) Premium
- D) None of these

103) a bank that offers service to general public and to companies is called

- A) Reserve Bank
- B) Commercial bank
- C) Savings bank
- D) All of these

## ANSWER KEYS

Q.NO	ANS	Q.NO	ANS	Q.NO	ANS	Q.NO	ANS	Q.N O	AN S
1	C	26	A	51	B	76	B	101	B
2	B	27	C	52	A	77	C	102	A
3	A	28	B	53	A	78	C	103	B
4	B	29	D	54	A	79	D		
5	C	30	B	55	B	80	D		
6	D	31	C	56	C	81	C		
7	A	32	B	57	D	82	C		
8	B	33	A	58	C	83	A		
9	B	34	B	59	D	84	A		
10	B	35	B	60	B	85	B		
11	A	36	A	61	B	86	D		
12	C	37	B	62	D	87	A		
13	A	38	A	63	C	88	C		
14	D	39	A	64	B	89	C		
15	B	40	C	65	C	90	D		
16	D	41	D	66	A	91	A		
17	B	42	C	67	A	92	B		
18	B	43	D	68	B	93	D		
19	B	44	B	69	D	94	D		
20	D	45	D	70	D	95	A		
21	C	46	A	71	A	96	B		
22	A	47	C	72	D	97	B		

23	D	48	B	73	A	98	C
24	D	49	B	74	B	99	B
25	C	50	B	75	C	100	D

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