

# INDIAN BANKING & FINANCIAL SYSTEM

## PRACTICE QUESTIONS AND ANSWERS

- \_\_\_\_\_ allocates saving efficiently in an economy to ultimate users either for investment in real assets or for consumption
  - Economic system
  - Banking system
  - Financial system
  - Market system
- Which of the following is not a regulatory institutions in Indian financial system.
  - RBI
  - CIBIL
  - SEBI
  - IRDA
- \_\_\_\_\_ is regarded as a queen of Indian financial system.
  - SEBI
  - RBI
  - Finance Ministry
  - BSE
- \_\_\_\_\_ represent claims for the payment of a sum of money sometimes in the future and/or a periodic payment in the form of interest or dividend.
  - physical asset
  - fixed asset
  - financial asset
  - none of these
- SEBI was established in \_\_\_\_\_.
  - 1988
  - 1985
  - 1991
  - 1990
- RBI started functioning on \_\_\_\_\_.
  - 1-4-1935
  - 1-4-1948
  - 1-4-1882
  - 1-4-1945

7. National Housing bank is a fully owned subsidiary of \_\_\_\_\_.
  - a. HDFC
  - b. HSBC
  - c. RBI
  - d. HUDCO
8. \_\_\_\_\_ has the statutory powers to regulate and promote the Indian capital market.
  - a. Registrar of issue
  - b. Merchant banks
  - c. SEBI
  - d. RBI
9. Any company making a public issue of value of more than Rs. \_\_\_\_\_ is required to file a draft offer document with SEBI.
  - a. 100 lakh
  - b. 25 lakh
  - c. 50 lakh
  - d. 10 lakh
10. \_\_\_\_\_ Committee was constituted by SEBI for deciding about derivatives trading.
  - a. L.C.Gupta
  - b. R. L. Gupta
  - c. Vaghul
  - d. Malhotra
11. RBI is the lender of last resort for \_\_\_\_\_.
  - a. Central Government
  - b. State Governments
  - c. Stock markets
  - d. Commercial Banks
12. The market regulator of Indian Capital Market is .....
  - a. DFHI
  - b. RBI
  - c. SEBI
  - d. STCI
13. .... facilitate the transfer of funds from savers to the borrowers.
  - a. goods market
  - b. money market
  - c. financial market
  - d. consumer market
14. .... market is a market for old issues.
  - a. Money market
  - b. Primary market
  - c. Secondary market
  - d. All the above
15. Which of the following is a financial asset
  - a. gold
  - b. silver
  - c. share
  - d. Land.
16. Which of the following is a cash asset?
  - a. deposit created out of loans
  - b. share
  - c. bond
  - d. Post office certificate.
17. Govt. bond is a
  - a. short term security
  - b. long term security
  - c. medium term security
  - d. Either a or b.
18. Money market deals with ..... instruments.
  - a. long term
  - b. short term
  - c. medium term
  - d. all of these.
19. The market for extremely short period loan is called.....
  - a. call money market
  - b. money at short notice
  - c. T-bill market
  - d. G-sec market

20. .... acts as an intermediary between Govt. and money market
- |         |                     |
|---------|---------------------|
| a. RBI  | c. Commercial banks |
| b. SEBI | d. All the above    |
21. .... are drawn by contractors on the Govt. departments for the goods supplied to them
- |                   |                     |
|-------------------|---------------------|
| a. treasury bills | c. bill of lading   |
| b. supply bill    | d. documentary bill |
22. The bill which doesn't require acceptance is called.....
- |                   |                     |
|-------------------|---------------------|
| a. treasury bills | c. bill of lading   |
| b. supply bill    | d. documentary bill |
23. .... are an important instrument of short term borrowing by the Govt.
- |                                |                     |
|--------------------------------|---------------------|
| a. National saving certificate | c. Treasury bill    |
| b. Bonds                       | d. Any of the above |
24. .... is a market for bankers' acceptances
- |                    |                                   |
|--------------------|-----------------------------------|
| a. discount market | c. Interbank participation market |
| b. CDs market      | d. Acceptance market              |
25. Accommodation bills are also known as ..... bills
- |               |                |
|---------------|----------------|
| a. kite bills | c. supply bill |
| b. wind bills | d. both a & b  |
26. Adhoc treasury bills are issued in favour of the ..... only
- |             |                     |
|-------------|---------------------|
| a. Treasury | c. Commercial banks |
| b. RBI      | d. State government |
27. .... are short term deposits of specific maturity similar to fixed deposits.
- |  |                           |
|--|---------------------------|
| a. commercial paper                    | c. Repo                   |
| b. Interbank participation certificate | d. Certificate of deposit |
28. .... is an unsecured short term promissory note issued by creditworthy companies?
- |  |                           |
|--|---------------------------|
| a. commercial paper                    | c. Repo                   |
| b. interbank participation certificate | d. Certificate of deposit |
29. Discount and Finance House of India was set up in .....
- |         |         |
|---------|---------|
| a. 1982 | c. 1992 |
| b. 1988 | d. 1969 |
30. Discount and Finance House of India was set up in pursuance of the recommendations of .....Committee
- |             |               |
|-------------|---------------|
| a. Malegam  | c. Vaghul     |
| b. Malhotra | d. Narasimham |
31. .... has been set up mainly to provide a secondary market in Govt. Securities
- |          |         |
|----------|---------|
| a. DHFI  | c. STCI |
| b. OTCEI | d. NSDL |

32. Right shares are offered to.....
- a. Debenture holders
  - b. Existing shareholders
  - c. List 2 contributories
  - d. Liquidators
33. .... is the suitable method where small companies issue shares
- a. public issue
  - b. placement
  - c. offer for sale
  - d. none of these
34. .... is a process of admitting securities for trading on a recognised stock exchange.
- a. registration
  - b. filing
  - c. listing
  - d. admission
35. .... is a preferential independent broker who deals in securities on his own behalf.
- a. Jobber
  - b. sub broker
  - c. Remisiers
  - d. Arbitragers
36. The facility to carry forward a transaction from one settlement period to another is known as ..... transaction
- a. Badla
  - b. arbitrage
  - c. cornering
  - d. trading inside
37. The device adopted to make profit out of the differences in prices of a security in to different markets is called.....
- a. cornering
  - b. prise rigging
  - c. arbitrage
  - d. margin trading
38. The central depository ..... the security on behalf of the investors
- a. hold
  - b. transfer
  - c. both a & b above
  - d. none of these
39. .... of shares in the first step in the depository process
- a. Registration
  - b. Listing
  - c. Rematting
  - d. Immobilisation
40. . .... is the link between the depository and the owner
- a. Agent
  - b. Depository participant
  - c. Beneficiary
  - d. Broker
41. .... issues does not bring in any fresh capital
- a. equity
  - b. preference
  - c. debenture
  - d. bonus
42. Prospectus is not issued in
- a. public issue
  - b. private placement
  - c. right issue
  - d. none the above

43. An issuer need not file an offer document in case of
- a. public issue
  - b. preferential allotment
  - c. right issue
  - d. bought out deal
44. An issuer can launch an IPO within.....
- a. 3 months
  - b. 6 months
  - c. 9 months
  - d. one year
45. An issue of a minimum size of Rs. .... crore is a mega issue
- a. 50
  - b. 100
  - c. 150
  - d. 300
46. Financial institutions are also known as .....
- a. Financial organisation
  - b. Financial intermediaries
  - c. Financial system
  - d. Any of the above
47. .... is the first development financial institution in India.
- a. IDBI
  - b. ICICI
  - c. IFCI
  - d. RBI
48. Management Development Institute (MDI) was set up by .....
- a. IDBI
  - b. ICICI
  - c. IFCI
  - d. SEBI
49. IDBI was established in .....
- a. 1948
  - b. 1954
  - c. 1992
  - d. 1964
50. .... is an apex institution to coordinate, supplement and integrate the activities of all existing specialised financial institutions.
- a. IFCI
  - b. IDBI
  - c. RBI
  - d. SEBI
51. Technical consultancy Organisations were set up by.....
- a. IFCI
  - b. IDBI
  - c. RBI
  - d. SEBI
52. ICICI was set up in .....
- a. 1955
  - b. 1964
  - c. 1989
  - d. 1935
53. .... assists mainly to industrial undertakings in the private sector
- a. IFCI
  - b. IDBI
  - c. ICICI
  - d. SEBI
54. LIC was established in.....
- a. 1956
  - b. 1964
  - c. 1989
  - d. gcv1935
55. UTI was set up in the year .....

- a. 1956  
b. 1964
- c. 1969  
d. 1948
56. ....known as Brettonwood twins  
a. IDBI and IFCI  
b. IDBI and UTI  
c. IBRD and IMF  
d. RBI and SEBI
57. World bank is also known as.....  
a. IMF  
b. ADB  
c. IBRD  
d. UNICEF
58. World bank was set up in .....  
a. 1945  
b. 1946  
c. 1947  
d. 1948
59. IMF commenced financial operation on.....  
a. 1945  
b. 1946  
c. 1947  
d. 1948
60. Which of the following gives long term finance?  
a. IDBI  
b. ICICI  
c. IFCI  
d. All the above
61. Which of the following is a fee based service  
a. hire purchase  
b. Leasing  
c. capital issue management  
d. Underwriting.
62. Find the odd one out  
a. commercial paper  
b. share certificate  
c. certificate of deposit  
d. Treasury bill.
63. The process of managing the sales ledger of a client by a financial service company is called  
a. forfaiting  
b. factoring  
c. leasing  
d. None of these.
64. Mutual funds are very popular in  
a. USA  
b. UK  
c. Japan  
d. India
65. In India, the company which actually deals with the corpus of the mutual fund is called  
a. sponsor company  
b. trustee company  
c. asset management company  
d. Mutual fund Company.
66. The first bank in India to start factoring business is  
a. Canara bank  
b. SBI  
c. Punjab National Bank  
d. Allahabad Bank.
67. An asset with a physical value is called  
a. Financial asset  
b. Non financial asset  
c. Fictitious asset  
d. Fixed asset

68. An asset which derives its value because of a contractual claim is
- a. Financial asset
  - b. Non financial asset
  - c. Fictitious asset
  - d. Fixed asset
69. Gold is -----asset
- a. Financial asset
  - b. Non financial asset
  - c. Fictitious asset
  - d. Intangible asset
70. Cash is -----asset
- a. Financial asset
  - b. Non financial asset
  - c. Fictitious asset
  - d. Intangible asset
71. -----is a whole sale market for short term debt instrument.
- a. capital market
  - b. forex market
  - c. money market
  - d. any of the above
72. Money lent in the inter-bank market for 15 days or more is called -----
- a. Call money
  - b. Term money
  - c. Money at short notice
  - d. All the above
73. Call money is a loan given for a period of
- a. 15 days
  - b. 30 days
  - c. 1 day
  - d. 1 year
74. When money lent for more than a day but up to a fortnight is called
- a. Call money
  - b. Term money
  - c. Money at short notice
  - d. None of the above
  - e.
75. CBLO stands for
- a. Collateralised Borrowing and Lending Obligation
  - b. Central Banks Lending Obligation
  - c. Commercial Bank and Lending Option
  - d. None of these
76. The NSDL established in
- a. August 1996
  - b. August 1998
  - c. January 1996
  - d. January 1998
77. In a private placement the maximum number of investors shall not exceed
- a. 51
  - b. 49
  - c. 100
  - d. 25
78. Merchant banks in India started in
- a. 1955
  - b. 1969
  - c. 1972
  - d. 1992
79. Merchant banks concept in India introduced by
- a. SBI
  - b. PNB
  - c. ANZ Grindlays
  - d. City bank

80. SENSEX is the index of
- |        |          |
|--------|----------|
| a. BSE | c. OTCEI |
| b. NSE | d. CSE   |
81. NIFTY is the index of
- |        |          |
|--------|----------|
| a. BSE | c. OTCEI |
| b. NSE | d. CSE   |
82. The first Indian equity index is
- |           |           |
|-----------|-----------|
| a. Nifty  | c. Dollex |
| b. Sensex | d. Defty  |
- 83..... is a product whose value is derived from the value of underlying asset
- |            |                |
|------------|----------------|
| a. Repo    | c. G.sec       |
| b. T-bills | d. Derivatives |
84. BOLT stands for
- |                               |                             |
|-------------------------------|-----------------------------|
| a. Borrowing or Lending Trade | c. Bond or Loan Transaction |
| b. Bombay Online Trading      | d. None of these            |
85. -----is also known as “G.Secs”
- |                           |                         |
|---------------------------|-------------------------|
| a. Gold Traded Fund (GTF) | c. Govt. Securities     |
| b. General Securities     | d. Growth oriented fund |
86. .... are negotiable instrument issued by an overseas depository
- |        |                     |
|--------|---------------------|
| a. ADR | c. IDR              |
| b. GDR | d. Any of the above |
87. Perpetual bond is also known as
- |                       |                    |
|-----------------------|--------------------|
| a. Deep discount bond | c. Bearer bond     |
| b. Irredeemable bond  | d. Registered bond |
88. Zero Coupon Bond is also known as
- |                       |                       |
|-----------------------|-----------------------|
| a. Deep discount bond | c. Bearer bond        |
| b. Irredeemable bond  | d. Zero Interest bond |
89. Secured Premium Notes (SPN) always issued with.....
- |             |                       |
|-------------|-----------------------|
| a. Premium  | c. Detachable Warrant |
| b. Discount | d. Coupon             |
90. .... bonds permit the bond holder to invest the interest income again in host bonds
- |                       |                |
|-----------------------|----------------|
| a. Deep discount bond | c. Bearer bond |
| b. Junk bonds         | d. Bunny bonds |
91. ....bonds are high risk and high yield bonds developed in USA
- |                       |                |
|-----------------------|----------------|
| a. Deep discount bond | c. Bearer bond |
| b. Junk bonds         | d. Bunny bonds |



92. ESOP stands for
- |                                 |                               |
|---------------------------------|-------------------------------|
| a. Equity share option Plan     | c. Employee stock Option Plan |
| b. Equity shares Option premium | d. Equity Stock Option Plan   |
93. QIPs Stands for
- |                               |                                      |
|-------------------------------|--------------------------------------|
| a. Quality investment Project | c. Qualified Institutional Placement |
| b. Qualified investment Plan  | d. Qualitative Investment Premium    |
94. What you mean by “STRIPS”
- |  |
|--|
| a. Separate Trade Register of Initial Public Securities offer          |
| b. Stock Trading Register of Interest and Principal Securities         |
| c. Separate Trading of Registered Interest and Principal of Securities |
| d. Share Transfer and Registrar of Indian Public Securities issues     |
95. Gilt Edged Securities are
- |                         |                     |
|-------------------------|---------------------|
| a. Govt. Securities     | c. Any of the above |
| b. Company’s securities | d. None of these    |
96. In India, forfaiting services are offered by
- |        |                  |
|--------|------------------|
| a. RBI | c. EXIM bank     |
| b. SBI | d. All the above |
97. The small investors’ gateway to enter into big companies is \_\_\_\_\_
- |                      |                |
|----------------------|----------------|
| a. Equity shares     | c. Bonds       |
| b. Preference shares | d. Mutual fund |
98. Money Market mutual fund is also known as-----
- |                  |                |
|------------------|----------------|
| a. Growth fund   | c. Income fund |
| b. Balanced fund | d. Cash fund   |
99. \_\_\_\_\_ fund invests in highly liquid securities like commercial paper.
- |                     |                  |
|---------------------|------------------|
| a. Open ended fund  | c. Balanced fund |
| b. Close ended fund | d. MMMF          |
100. The idea of providing factoring services in India was first thought by \_\_\_\_\_
- |                       |                     |
|-----------------------|---------------------|
| a. Vaghul committee   | c. Tanden Committee |
| b. Malhotra Committee | d. None of these    |
101. The market for extremely short period loan is called
- |                        |                           |
|------------------------|---------------------------|
| a. Call loan market    | c. treasury bill market   |
| b. short notice market | d. commercial bill market |
102. ----- bills are drawn by contractors on the government departments for the goods supplied by them.
- |                 |                 |
|-----------------|-----------------|
| a. Usance bills | c. Clean bills  |
| b. T-bills      | d. Supply bills |
103. ----- is also known as ‘Industrial Paper’
- |                     |                                  |
|---------------------|----------------------------------|
| a. Treasury bills   | c. Financial accommodation bills |
| b. Commercial bills | d. Commercial paper              |

104. Demand bills are also known as
- |                |               |
|----------------|---------------|
| a. Time bills  | c. Kite bills |
| b. Sight bills | d. Wind bills |
105. Usance bills are also known as
- |                |               |
|----------------|---------------|
| a. Time bills  | c. Kite bills |
| b. Sight bills | d. Wind bills |
106. In India, indigenous bills popularly known as
- |               |                |
|---------------|----------------|
| a. Time bills | c. Trade bills |
| b. Hundis     | d. Sight bills |
107. Which of the following are examples of Hundis in india
- |             |                  |
|-------------|------------------|
| a. Shah jog | c. Jokhani       |
| b. Namjog   | d. All the above |
108. Bills drawn and accepted payable after three months are called
- |                 |                 |
|-----------------|-----------------|
| a. Usance bills | c. Clean bills  |
| b. T-bills      | d. Supply bills |
109. The market which helps commercial banks to maintain their SLR requirement is
- |                     |                           |
|---------------------|---------------------------|
| a. Call loan market | c. Acceptance market      |
| b. T-bills market   | d. Commercial bill market |
110. Bill Market Scheme in India was introduced in the year
- |         |         |         |         |
|---------|---------|---------|---------|
| a. 1972 | b. 1952 | c. 1969 | d. 1982 |
|---------|---------|---------|---------|
111. Adhoc T-bills are always issued in favour of-----
- |                     |               |
|---------------------|---------------|
| a. State government | c. Treasuries |
| b. Commercial banks | d. RBI        |
112. The certificate which evidences an unsecured corporate debt of short term maturity
- |                           |  |
|---------------------------|--|
| a. Certificate of Deposit | c. Secured Premium Notes               |
| b. Commercial paper       | d. Interbank participation Certificate |
113. Major players of Indian money market is
- |                       |                     |
|-----------------------|---------------------|
| a. Central bank       | c. Commercial banks |
| b. Co-operative banks | d. Indigenous banks |
114. ----- is the suitable method where small companies issue shares
- |                      |                        |
|----------------------|------------------------|
| a. Offer for sale    | b. Issue by prospectus |
| a. Private placement | c. All the above       |
115. Zero interest bonds are always issued
- |                |                            |
|----------------|----------------------------|
| a. At premium  | c. With detachable warrant |
| b. At discount | d. Any of the above        |
116. ----- is a guarantee for marketability of shares
- |                 |                        |
|-----------------|------------------------|
| a. Listing      | c. Registration        |
| b. Underwriting | d. Issue by prospectus |

117. Which one of the following is /are not function of NIM
- a. Origination
  - b. Underwriting
  - c. Distribution
  - d. Listing
118. BOLT was introduced by BSE in the year
- a. 1990
  - b. 1995
  - c. 1992
  - d. 1999
119. ----- is a permission to quote securities officially on the trading floor of stock exchange
- a. Origination
  - b. Underwriting
  - c. Distribution
  - d. Listing
120. The number of shares which are less than market lots are called
- a. Grey lot
  - b. Odd lot
  - c. Tag lot
  - d. Tied lot
121. Rolling Settlement system was introduced by SEBI in the year
- a. 1994
  - b. 1998
  - c. 1996
  - d. 1999
122. The facility to carry forward a transaction from one settlement period to another is called ----- transaction
- a. Hand delivery
  - b. Badla
  - c. Cornering
  - d. Arbitrage
123. The device adopted to make profit out of price differences in two different markets
- a. Cornering
  - b. Wash sales
  - c. Rigging
  - d. Arbitrage
124. A person appointed by a stock broker to assist to him in the business of securities trading at trading floor of stock exchanges is
- a. Sub-broker
  - b. Commission broker
  - c. Authorised clerk
  - d. Remisiers
125. ----- is also known as Remisiers and Half-commission man
- a. Sub-broker
  - b. Commission broker
  - c. Authorised clerk
  - d. Jobbers
126. An order for the purchase of securities at a fixed price is known as
- a. Limit order
  - b. Open order
  - c. Discretionary order
  - d. Stop loss order
127. Speculator who neither buy nor sell securities in the market, but still trade on them are called
- a. Wolves
  - b. Stag
  - c. Bull
  - d. Bear
128. The process of holding the entire supply of a particular security with a view to dictating terms is called
- a. Cornering
  - b. Wash sales
  - c. Rigging
  - d. Arbitrage

129. ----- market deals in unlisted securities
- a. Blue chip market
  - b. Bear market
  - c. Grey market
  - d. Bull market
130. When purchases of securities are more than sales of securities, the market is called
- a. Bullish
  - b. Bearish
  - c. Grey
  - d. Odd
131. When sales of securities are more than purchases of securities, the market is called
- a. Bullish
  - b. Bearish
  - c. Grey
  - d. Odd
132. ----- is the charges paid by a bull speculator to the other party for obtaining carry over facility
- a. Backwardation
  - b. Contango
  - c. Spread
  - d. Margin
133. ----- is the amount paid by bear to facilitate him to renew a bargain until next settlement date
- a. Backwardation
  - b. Contango
  - c. Spread
  - d. Margin
134. ----- is the process of selling securities without owning them
- a. Short selling
  - b. Long selling
  - c. Margin trading
  - d. Price rigging
135. Bull speculators are also known as
- a. Tharawaniwalas
  - b. Tejiwalas
  - c. Mandiwalas
  - d. Badliwalas
136. Bear speculators are also known as
- a. Tharawaniwalas
  - b. Tejiwalas
  - c. Mandiwalas
  - d. Badliwalas
137. Another name of jobber is
- a. Tharawaniwalas
  - b. Tejiwalas
  - c. Mandiwalas
  - d. Badliwalas
138. Those who provides finance for carry forward transactions in securities is called
- a. Tharawaniwalas
  - b. Tejiwalas
  - c. Mandiwalas
  - d. Badliwalas
139. The speculator who observes very fast the trends and changes in market is
- a. Bull
  - b. Bear
  - c. Stag
  - d. Wolves
140. -----is the bear speculator who struggling to complete his commitments because of wrong foot
- a. Bull
  - b. Lame duck
  - c. Stag
  - d. Wolves

141. An option (right) to purchase shares in future at predetermined price is called
- Hedging
  - Put option
  - Push option
  - Call option
142. An option (right) to sell shares in future at predetermined price is called
- Hedging
  - Put option
  - Pull option
  - Call option
143. ----- refers to the process of creating an artificial condition in market in order to push price of particular shares.
- Cornering
  - Arbitrage
  - Option deal
  - Rigging
144. An attempt to gaining short term profit from the price difference or movements of securities are called
- Investment
  - Speculation
  - Hedging
  - All the above
145. Companies (Amendment) bill-1999 restricts buy back of shares up to..... of the paid up capital
- 50%
  - 20%
  - 25%
  - 60%
146. SIDBI is fully owned subsidiary of
- IDBI
  - RBI
  - SEBI
  - IFCI
147. “AMBI” stand for
- Association of Management of Banks in India
  - Association of Merchant banks in India
  - Association of Modern Banks in India
  - Automated Mechanism for Borrowing and Investment
148. In listed securities, “Group A shares” are also known as
- Specified shares
  - Cleared securities
  - Non- specified shares
  - Both a & b above
149. In listed securities, “Group B shares” are also known as
- Specified shares
  - Non-Cleared securities
  - Non- specified shares
  - Both b & c above
150. Odd lot shares are coming under ----- of listed securities
- Group A
  - Group B
  - Group C
  - Any of the above
151. ALBM (Automated Lending & Borrowing Mechanism) was introduced by
- NSDL
  - SEBI
  - NSCCL
  - CDSL
152. under public issue of shares, reservation for permanent employees
- 10%
  - 25%
  - 15%
  - 50%

153. The conditions to be satisfied by a public company for issuing *Right shares* are specified in -----of Companies Act.1956

- a. Sec.75
- b. Sec.79
- c. Sec.81
- d. Sec.91

154. ----- is a method of cancellation of shares

- a. Book building
- b. Bonus issue
- c. Buy back
- d. Reissue

155. Which of the following is / are method of Buy back of shares

- a. Tender offers
- b. Open offers
- c. Dutch Auction
- d. All the above

156. Over the Counter Exchange of India commenced operation in the year

- a. 1988
- b. 1992
- c. 1995
- d. 1989

157. Members of the OTCEI are----- only

- a. Individuals
- b. Corporates
- c. Financial institution
- d. Banks

158. The whole sale market segment for NSE is meant for

- a. Corporate securities
- b. Govt.securities
- c. Securities of MNCs
- d. Securities of Financial Institutions

159. As per SEBI guidelines, a new company which has not completed 12 months commercial productions has to issue shares at -----

- a. Discount
- b. Premium
- c. Par
- d. any of the above

160. National Stock Exchange (NSE) established in the year

- a. 1990
- b. 1992
- c. 1995
- d. 1999

161. Method of trading in NSE is

- a. Floor based- Order driven
- b. Screen based- Code driven
- c. Screen based - Order driven
- d. Floor based - Quote driven

162. Method of trading in OTCEI is

- a. Floor based- Order driven
- b. Screen based- Code driven
- c. Screen based - Order driven
- d. Floor based - Quote driven

163. ----- are eligible to list in OTCEI

- a. Small companies
- b. Large companies
- c. Medium size companies
- d. Small and Medium size companies which are not listed in any other stock exchange

164. Discount and Finance House of India (DFHI) mainly deals in

- a. Commercial bills
- b. Corporate securities
- c. Treasury bills
- d. Commercial papers

165. ----- of shares is the first step in depository process
- a. Mutualisation
  - b. Mobilisation
  - c. Immobilisation
  - d. Rematerialisation
166. In depository system, ----- is a link between depository and the owner.
- a. Depository participant
  - b. Register and Transfer Agent
  - c. Issuer
  - d. Custodian.
167. “A central location for keeping securities on deposit” is
- a. Stock exchange
  - b. Investment bank
  - c. Depository
  - d. Merchant banks
168. The group of shares which are not permitted for short selling are
- a. A group
  - b. B group
  - c. T group
  - d. None of these
169. ----- group includes shares of companies which have failed to comply with listing requirements
- a. A group
  - b. B group
  - c. T group
  - d. Z group
170. In listed scrips, ----- group includes small cap stocks.
- a. S group
  - b. TS group
  - c. T group
  - d. Z group
171. Shares of well established and financially sound compnies,with very little investment risk and good history of earnings is known as
- a. Alpha shares
  - b. Blue chip shares
  - c. Star stock
  - d. Beta stock
172. In a stock exchange where the ownership, management and trading are concentrated in a single group, it is called
- a. Mutual exchange
  - b. Recognised exchange
  - c. Dominant exchange
  - d. Un -recognised exchange
173. In India, currently method of calculation of stock indexes is
- a. Free float market capitalisation
  - b. Full float market capitalisation
  - c. Fixed float market capitalisation
  - d. Minimum float market capitalisation
174. Fully automated screen based trading system in NSE is known as
- a. BOLT
  - b. ALBM
  - c. BLISS
  - d. NEAT
175. The Chief promoter of National Securities Depository Limited (NSDL) is
- a. NABARD
  - b. BSE
  - c. NSCCL
  - d. NSE

176. The Chief promoter of Central Depository Services Limited (CDSL) is
- a. NABARD
  - b. BSE
  - c. NSCCL
  - d. NSE
177. The third largest stock exchange in the world is
- a. NSE
  - b. BSE
  - c. NASDAQ
  - d. USE (United Stock Exchange)
178. In the index “CNX Nifty”, C stands for
- a. Central
  - b. Credit
  - c. CRISIL
  - d. Cumulative
179. The dollar version of Index of BSE is
- a. Defty
  - b. Dollex
  - c. Both the above
  - d. None
180. In BSE, T+2 rolling settlement began in the year
- a. 2002
  - b. 2003
  - c. 2001
  - d. 1995
181. In settlement T+2, ‘T’ stands for
- a. Trade time
  - b. Trade day
  - c. Trade terms
  - d. Time for settlement
182. Which one of the following is an example of derivative?
- a. Warrants
  - b. Baskets
  - c. Swaptions
  - d. All of these
183. The process in which illiquid assets are converted into marketable securities is known as
- a. Mutualisation
  - b. Dematerialisation
  - c. Rematerialisation
  - d. Securitisation
184. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act passed in the year
- a. 1992
  - b. 2002
  - c. 2005
  - d. 2000
185. In security market, “ASBA” stands for
- a. Application Supported by Blocked Amount
  - b. Automated Security Borrowing Arrangement
  - c. Active Securities Buying Agreement
  - d. Automatic Security Buying Assistance
186. In financial circle, the name “Dalal Street” is used synonymously to.....
- a. BSE
  - b. NASDAQ
  - c. NSE
  - d. OTCEI
187. The name “Wall Street” is used synonymously to.....
- a. Bombay Stock Exchange
  - b. NASDAQ
  - c. National Stock Exchange
  - d. New York Stock Exchange



188. Credit rating indicates ----- of a company
- a. Financial status
  - b. Overall efficiency
  - c. Management efficiency
  - d. All the above
189. Credit rating is only a / an.....
- a. Opinion
  - b. Recommendation
  - c. Suggestion
  - d. Advice
190. Which of the following is not a credit rating agency?
- a. CRISIL
  - b. ICRA
  - c. DCR India
  - d. None of these
191. At present, how many Non-scheduled banks are functioning in India
- a. 2
  - b. 5
  - c. 1
  - d. 0
192. Investment Information and Credit Rating Agency of India (IICRA) is a
- a. Private company
  - b. Public company
  - c. Govt. Company
  - d. Statutory company
193. ----- variety of mutual fund is known as “Nest Eggs”
- a. Balanced Funds
  - b. Fund of funds
  - c. Money Market Mutual fund
  - d. Growth oriented funds
194. Generally mutual funds are of
- a. High risk
  - b. Risk free
  - c. Low risk
  - d. Any of the above
195. The corpus of funds and its duration is fixed in case of ----- fund
- a. Open ended
  - b. Balanced
  - c. Close ended
  - d. Income fund
196. The market performance of mutual fund can be judged on the basis of
- a. Net asset value or intrinsic value
  - b. Capital appreciation
  - c. Regular / stable income
  - d. Any of these
197. ----- is the regulator of mutual funds in India
- a. RBI
  - b. IRDA
  - c. SEBI
  - d. Both SEBI and GOI
198. ----- is the venture capital assistance at the stage where the project started to fetch profit but not reached in its full efficiency
- a. Start up capital
  - b. Mezzanine capital
  - c. Bridge capital
  - d. Seed capital
199. In -----leasing, the risk of obsolescence is assumed by the lessee
- a. Financial lease
  - b. Operating lease
  - c. Both the above
  - d. None the above
200. ----- is a tripartite lease arrangement
- a. Financial lease
  - b. Operating lease
  - c. Leverage lease
  - d. Sale and lease back

201. In hire purchase depreciation can be claimed by the
- Hirer
  - Vendor
  - Financiers
  - All of these
202. A merchant bank can claim a charge ----- % as the commission for the whole issue
- 5%
  - 2.5%
  - 0.5%
  - 0.25%
203. Which of the following is not a quantitative credit control tool of RBI?
- Bank rate
  - Open market operation
  - SLR
  - Margin requirements
204. Which of the following is a selective (qualitative) credit control method?
- Bank rate
  - Open market operation
  - Variable reserve ratio
  - Credit rationing
205. Currency notes of rupee one and other lower subsidiary coins are issued by
- RBI
  - Commercial banks
  - Ministry of Finance
  - Bank Note press
206. American Depository Receipts (ADRs) are issuing by
- Indian Company
  - American company
  - Overseas depository
  - International exchange
207. ----- is the process of converting security in electronic form into physical form
- Rematerialisation
  - Dematerialisation
  - Demutualisation
  - Mutualisation
208. ----- is dealing in securities done by those who having access to price sensitive information.
- Margin trading
  - Insider trading
  - Price rigging
  - Wash sales
209. ----- is a calculated move with an expectation to reap huge profit from market fluctuations
- Gambling
  - Speculation
  - Genuine investment
  - None of the above
210. ----- speculators are optimistic in nature
- Bull
  - Bear
  - Stag
  - wolves
211. ----- speculators are Pessimistic in nature
- Bull
  - Bear
  - Stag
  - Wolves
212. The scheme in which company can allot shares not more than 15% of the issue size, to the public in addition to the shares already offered- is called
- Right issue
  - ESOPs
  - Green shoe option
  - Bonus issue

213. The merchant banker coordinating a public issue is called as
- Syndicator
  - Lead manager
  - Post issue manager
  - None of these
214. ----- is a shortened form of prospectus
- Red herring prospectus
  - Abridged prospectus
  - Statement in lieu of prospectus
  - Shelf prospectus
215. ----- is an offer document is used in public issue made under book building method.
- Red herring prospectus
  - Abridged prospectus
  - Statement in lieu of prospectus
  - Shelf prospectus
216. In technical sense, short sellers (bears) will be “squeezed” through
- Wash sales
  - Cornering
  - Rigging
  - Arbitrage
217. ----- is known as ‘Traffic in securities’
- Wash sales
  - Cornering
  - Rigging
  - Arbitrage
218. A system of security trade in which one is allowed to invest in excess of his financial capacity by borrowing funds
- Margin trading
  - Cornering
  - Rigging
  - Arbitrage
219. Which of the following speculative transactions are unfair and prohibited?
- Margin trading
  - Option deals
  - Rigging
  - Arbitrage
  -
220. Which of the following is not a prohibited act in security market?
- Insider trading
  - Price rigging
  - Cornering
  - Margin trading
221. ----- is undertaken for making a dishonest claim for tax deduction.
- Wash sales
  - Price rigging
  - Cornering
  - Margin trading
222. ----- means temporary halt of trade in stock exchanges whenever index moves upward or downward beyond the specified limits
- Laddering
  - Cornering
  - Circuit breaking
  - Side by siding
223. Unsecured debentures are also known as.....
- Registered debentures
  - Bearer debentures
  - Naked debentures
  - Collateral debentures
224. Non-voting shares were introduced by Companies (Amendment) bills in the year
- 1997
  - 1999
  - 2000
  - 2002

225. in the case of ----- bonds, the value is inversely related to short term interest rates.
- Fixed rate bonds
  - Inverse float bonds
  - Perpetual bonds
  - Option bonds
226. “D vs. P” system for government securities market means
- Delivery and payment settlement
  - Dividend and principal settlement
  - Dollar and Pound settlement
  - Delaying and postponement
227. Non banking financial institutions (NBFIs) are registered under
- RBI Act
  - Banking Regulation Act
  - Companies Act
  - SEBI Act
228. According to IFRS, the term financial asset includes
- Cash or Cash equivalent
  - Equity shares
  - Contractual right to receive cash
  - All the above
229. Which of the following is /are example of primary or direct financial instrument
- Fixed deposit receipt
  - Insurance policies
  - Mutual fund Unit
  - Debentures
230. Which of the following is /are example of Secondary or indirect financial instrument
- Equity shares
  - Preference shares
  - Post office saving deposit
  - Bonds
231. A Non Banking Financial Institution
- Can accept demand deposit
  - Can issue cheques to customers
  - Cannot accept fixed deposit
  - Cannot accept demand deposit and cannot issue cheques
232. Kerala State Financial Enterprises ltd (KSFE) is an example of
- Banking institution
  - Investment institution
  - NBFI
  - State level development banks
233. UTI, LIC etc are examples of
- Banking institution
  - Investment institution
  - NBFI
  - Development banks
234. SFC is an example of
- Banking institution
  - Investment institution
  - NBFI
  - Development Institution
235. Which of the following is /are not regulatory institutions
- RBI
  - SEBI
  - IRDA
  - IFCI
236. Which of the following is not a negotiable instrument?
- ADR
  - GDR
  - FDR
  - IDR
237. ‘Follow on Public Offer’ is also known as
- Further public offer
  - Seasoned public offer
  - Subsequent public offer
  - All of these

238. "Uberrimae Fidei" means
- |                       |                       |
|-----------------------|-----------------------|
| a. Indemnity          | c. Good faith         |
| b. Insurable interest | d. Mitigation of loss |
239. .... is the oldest insurance
- |                   |                     |
|-------------------|---------------------|
| a. Fire insurance | c. Marine insurance |
| b. Life insurance | d. Social insurance |
240. In -----, insurable interest is enough at the time of loss
- |                   |                       |
|-------------------|-----------------------|
| a. Fire insurance | c. Burglary insurance |
| b. Life insurance | d. Marine insurance   |
241. In life insurance, instalment policy is also known as
- |                     |                      |
|---------------------|----------------------|
| a. Annuity policy   | c. Whole life policy |
| b. Endowment policy | d. Lump sum policy   |
242. In insurance, "Causa Proxima" means
- |                      |                               |
|----------------------|-------------------------------|
| a. Utmost good faith | c. Prevent the causes of loss |
| b. Contribution      | d. Closely connected perils   |
243. \_\_\_\_\_ is a financial service which pooling risks of people
- |                    |                 |
|--------------------|-----------------|
| a. Mutual fund     | c. insurance    |
| b. Venture capital | d. all of these |
244. In India Insurance business are regulated by
- |         |        |         |         |
|---------|--------|---------|---------|
| a. IRBI | b. RBI | c. IRDA | d. IRDP |
|---------|--------|---------|---------|
245. Except life insurance maximum term of other insurance is \_\_\_\_\_
- |              |              |
|--------------|--------------|
| a. 12 months | c. 24 months |
| b. 6 months  | d. 36 months |
246. Central office of Life Insurance Corporation of India is located at
- |              |              |
|--------------|--------------|
| a. New Delhi | c. Mumbai    |
| b. Kolkata   | d. Bangalore |
247. There are..... associated companies of GIC
- |      |      |      |      |
|------|------|------|------|
| a. 3 | b. 4 | c. 6 | d. 5 |
|------|------|------|------|
248. "Native Stock and Share Brokers Association" is the old name of.....
- |         |        |        |           |
|---------|--------|--------|-----------|
| a. SEBI | b. NSE | c. BSE | d. NASDAQ |
|---------|--------|--------|-----------|
249. General insurance business nationalised in the year-----
- |         |         |         |         |
|---------|---------|---------|---------|
| a. 1956 | b. 1972 | c. 1969 | d. 1982 |
|---------|---------|---------|---------|
250. Principle of Indemnity does not apply to-----
- |                     |                   |
|---------------------|-------------------|
| a. Fire insurance   | c. Life insurance |
| b. Marine insurance | d. None of these  |

### ANSWER KEY

Q No	Ans	Q No	Ans	Q No	Ans	Q No	Ans	Q No	Ans
1	C	37	C	73	C	109	A	145	B
2	B	38	C	74	C	110	B	146	A
3	B	39	D	75	A	111	D	147	B
4	C	40	B	76	A	112	B	148	D
5	A	41	D	77	B	113	C	149	D
6	A	42	B	78	B	114	A	150	C
7	C	43	B	79	C	115	B	151	C
8	C	44	B	80	A	116	B	152	A
9	C	45	B	81	B	117	D	153	C
10	A	46	B	82	B	118	B	154	C
11	D	47	C	83	D	119	D	155	D
12	C	48	C	84	B	120	B	156	B
13	C	49	D	85	C	121	B	157	B
14	C	50	B	86	D	122	B	158	B
15	C	51	B	87	B	123	D	159	C
16	A	52	A	88	A	124	C	160	B
17	B	53	C	89	C	125	A	161	C
18	B	54	A	90	D	126	A	162	B
19	A	55	B	91	B	127	B	163	D
20	A	56	C	92	C	128	A	164	C
21	B	57	C	93	C	129	C	165	C
22	A	58	A	94	C	130	A	166	A
23	C	59	C	95	A	131	B	167	C
24	D	60	D	96	C	132	B	168	C
25	D	61	C	97	D	133	A	169	D
26	B	62	B	98	C	134	A	170	A
27	D	63	B	99	D	135	B	171	B
28	A	64	A	100	A	136	C	172	A
29	B	65	C	101	A	137	A	173	A
30	C	66	B	102	D	138	B	174	D
31	C	67	B	103	D	139	D	175	D
32	B	68	A	104	B	140	B	176	B
33	B	69	B	105	A	141	D	177	A
34	C	70	A	106	B	142	B	178	C
35	A	71	C	107	D	143	D	179	B
36	A	72	B	108	A	144	B	180	A

Q No	Ans	Q No	Ans	Q No	Ans	Q No	Ans	Q No	Ans
181	B	196	D	211	B	226	A	241	A
182	D	197	D	212	C	227	C	242	D
183	D	198	B	213	B	228	D	243	C
184	B	199	A	214	B	229	D	244	C
185	A	200	C	215	A	230	C	245	A
186	A	201	A	216	B	231	D	246	A
187	D	202	C	217	D	232	C	247	B
188	A	203	D	218	A	233	B	248	C
189	A	204	D	219	C	234	D	249	B
190	D	205	C	220	D	235	D	250	C
191	D	206	C	221	A	236	C		
192	B	207	A	222	C	237	D		
193	B	208	B	223	C	238	C		
194	C	209	B	224	A	239	C		
195	C	210	A	225	B	240	D		