

**TELANGANA UNIVERSITY**  
**S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)**  
**II-YEAR III-SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS**  
**FINANCIAL INSTITUTIONS & MARKETS QUESTION BANK**

1. What is the meaning of "financing" in the financial market? ( c)  
a. Advising an organization to raise charity funds      b. Investing in the securities market  
c. Sourcing funds      d. Converting the assets into cash
2. Financial instrument such as commercial paper can be sold ( b)  
a. Issued by commercial banks    b. directly    c. with brokers or dealers    d. functional buyers
3. Type of instrument whoever holds it, gets interest and principal amount is classified as ( d)  
a. Term instrument    b. Interim instrument    c. primary instrument    d. bearer instrument
4. Negotiable deposit certificate are traded in ( a)  
a. Secondary markets    b. Primary markets    c. Direct markets    d. indirect markets
5. In primary markets, property of shares which made it easy to sell newly issued security is considered as ( a)  
a. Increased liquidity    b. Decreased liquidity    c. Money flow    d. large funds
6. India is a member of International Monetary Fund since ( c)  
a. 1934    b. 1935    c. 1947    d. 1949
7. Markets in which derivatives are traded, are classified as ( d)  
a. asset backed market    b. cashflow backed market    c. mortgage backed markets    d. derivative securities market
8. Transaction cost of trading of financial instruments in centralized market is classified as ( b)  
a. flexible costs    b. low transaction costs    c. high transaction costs    d. constant costs
9. Type of market in which securities with less than one year maturity are traded, is classified as ( a)  
a. money market    b. capital market    c. transaction market    d. global market
10. Financial instruments of public markets include ( c)  
a. transfer funds    b. bearer funds    c. shares    d. bonds
11. Which is the first commercial bank incorporated by the Indians in 1881 ( b)  
a. Imperial bank of India    b. Awadh commercial bank    c. Reserve bank India    d. State Bank of India
12. Canara Bank is an example of ( b)  
a. Private bank    b. Public bank    c. Foreign Bank    d. None of these
13. NBFC stands for ( d)  
a. new banking finance company    b. new business finance and credit  
c. National banking and finance corporation    d. non-banking financial company
14. Which is the primary activity of a commercial bank ( d)  
a. Maintaining deposit accounts including current accounts    b. Issue and pay cheque  
c. Collect cheques for the bank's customers    d. All of these
15. HDFC bank is an example of ( a)  
a. Private bank    b. Public bank    c. Foreign Bank    d. None of these
16. Which of the following is not an organized sector in India ( d)  
a. Nationalized banks    b. Regional Rural banks    c. Co-operative banks    d. Chits and money lenders
17. Which of the following is not a constituent of Indian Financial System ( c)  
a. financial institutions    b. financial markets    c. financial control    d. financial services
18. Which of the following is a fee based financial service ( d)  
a. venture capital    b. factoring    c. bill discounting    d. portfolio management
19. The basic principle of lending is ( d)  
a. Safety    b. Liquidity    c. Profitability    d. All

20. Commercial banks are dealers in ( a)

a. Debts                      b. Capital Markets              c. Demand deposits              d. None of these

21. **Financial system** is the set of implemented procedures that track the financial activities of a country on a regional scale

22. The **Financial system** is the system that enables lenders and borrowers to exchange funds

23. **Financial system** refers to a set of complex and closely connected or inter linked financial institutions or organized and unorganized financial markets, financial instruments and services which facilitate the transfer of funds

24. **Financial institutions** are the intermediaries which facilitate smooth functioning of the financial system by making investors and borrowers meet

25. **Financial institutions** provide all those services which a customer may not be able to get more efficiently on his own

26. A **Financial market** is a market in which people and entities can trade financial securities, commodities and other financial stocks at low transaction costs and at prices that reflect supply and demand

27. **Financial services** are the economic services provided by the finance industry

28. **Fund based services** include cash credit, overdraft, bill discounting, short term loans and export financing

29. A **commercial bank** is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with aim of earning profits

30. Current deposits also called as **Demand deposits**

31. **Merchant bank** is a combination of banking and consultancy services

32. RTGS stands for **Real time gross settlement**

33. **Venture capital** is a mode of financing the price of the goods sold on a future date

34. NBFCs stand for **Non Banking finance companies**

35. Finance lease also called as **Capital lease**

36. **Leasing** has emerged as a new source of financing capital assets