

# BCOM General II year Semester-III

## Subject FIM

### Internal Exam-2 Question Bank

1. Money market deals with ( b )  
a. Long term funds      b. short term funds      c. Both (a) and (b)      d. None of the above
2. Repo is \_\_\_\_\_ ( a )  
a. Repurchase agreement      b. Reliance petroleum      c. Read and Process      d. None of the above
3. Treasury bill is basically \_\_\_\_\_ ( a )  
a. An instrument to borrow short term funds      b. An instrument to borrow long term funds  
c. An instrument of capital market      d. None of the above
4. A \_\_\_\_\_ is tool used in monetary policy that allows banks to borrow money through Repurchase Agreements ( c )  
a. Monetary stability policy      b. Monetary Policy      c. Liquidity Adjustment Facility      d. Fiscal Policy
5. CRR stands for ( b )  
a. Current Reserve Ratio      b. Cash Reserve Ratio      c. Cash recovery ratio      d. None of the above
6. \_\_\_\_\_ are those unsecured Promissory Notes which are issued by well reputed companies ( a )  
a. Commercial papers      b. Commercial Deposits      c. Treasury Bills      d. None of the above
7. Floating rates also called as \_\_\_\_\_ ( d )  
a. STRIPS      b. Zero coupon bonds      c. T-bills      d. Floating Rate Bonds
8. \_\_\_\_\_ is a market for a central and state government securities ( a )  
a. Govt securities market      b. Equity Market      c. Bond Market      d. Stock Market
9. \_\_\_\_\_ is the rating given to the credit worthiness of a bond issuer ( a )  
a. Bond rating      b. Equity rating      c. Star rating      d. None of the above
10. \_\_\_\_\_ is a debt security that is sold at discount and does not pay any interest payments to To the bond holder ( c )  
a. Fixed rate coupon      b. Floating rate coupon      c. Zero coupon bond      d. None of these
11. Face value (FV) is also known as \_\_\_\_\_ ( c )  
a. Par value      b. Principle value      c. Both (a) and (b)      d. None of these
12. FPO stands for ( b )  
a. Follow on Preference Offer      b. Follow on Public offer      c. Financial Public offer      d. None of these
13. IDR stands for \_\_\_\_\_ ( a )  
a. Indian Depository Receipts      b. Indian Development Regulation      c. Industrial Development Regulation  
d. None of the above
14. Methods of IPOs are \_\_\_\_\_ ( c )  
a. Fixed Price methods      b. Bork Building Methods      c. Both (a) and (b)      d. None of the above
15. SEBI stands for \_\_\_\_\_ ( a )  
a. Securities Exchange Board of India      b. Systematic Environmental Board of India  
c. Both (a) and (b)      d. None of the above
16. \_\_\_\_\_ Refers to equity shares given to the company's employees on favourable terms, in recognition of their work ( d )  
a. Preferential Share Capital      b. Debenture      c. Sweet equity shares      d. None of the above

17. ESOP stands for \_\_\_\_\_ ( b )  
 a. Employee Stock option plan    b. Employee Stock ownership plan  
 c. Both (a) and (b)                      d. None of the above
18. Type of right issue shares are \_\_\_\_\_ ( b )  
 a. Renounceable rights issue    b. Non renounceable rights issue  
 c. Both (a) and (b)                      d. None of the above
19. Commercial Paper has maturity of around \_\_\_\_\_ days ( c )  
 a. 1 day to 1 year                      b. 10 days to 1 year                      c. 15 days to 1 year                      d. More than 1 year
20. Capital market regulator is ( d )  
 a. RBI                                      b. IRDA                                      c. NSE                                      d. BSE

### Fill in the blanks

21. G-Sec Market stands for **Government Securities Market**
22. A **Debt Market** is the market in which debt securities of companies or statutory bodies are issued and traded
23. Debt instruments typically have maturities for more than **one year**
24. The debt market is the market for trading **Debt securities**
25. **Zero coupon bond** is a debt instrument that is sold for less than its face value
26. Floating rate bonds are also known as **floating rate notes**
27. **Money market** refers to the transaction short term/run credit instruments
28. The maturity period of money market instruments are **less than one year**
29. **Commercial Paper** is a promise by borrowing company to repay the loan at specified date
30. **Certificate of Deposit** are issued by the commercial banks at a discount or face value
31. REPO stands for **Repurchase Agreement**
32. **Reverse Repo Rate** is opposite to REPO
33. **Primary Dealers** are registered entities with RBI who have the license to purchase and sell government securities
34. The Reserve Bank of India is India's **Central Bank**
35. Capital Market deals with **medium and long term funds**
36. The market where securities are traded known as **securities market**
37. Primary market is also known as **New issues market**
38. **Primary market** is the place where new shares or bonds are issued
39. IPO stands for **Initial Public Offering**
40. BOLT stands for **Bombay Online Trading**

### Short Answer Questions

41. What do you mean by money market?

The money market involves the purchase and sale of large volumes of very short-term debt products, such as overnight reserves or commercial paper. An individual may invest in the money market by purchasing a money market mutual fund, buying a Treasury bill, or opening a money market account at a bank.

42. What is the difference between CRR SLR and DRR?

CRR stands for Capital Redemption Reserve and DRR stands for Debenture Redemption Reserve. Debenture Redemption Reserve is maintained for the redemption of debenture, so that when debentures are redeemed they can be paid by this reserve, so it is created. This provision was added in the Indian Companies Act 1956

43. What is meant by call money market ?

Call money market refers to the market for very short period. Bill Brokers and dealers in stock exchange usually borrow money at call from the commercial banks. These loans are given for a very short period not exceeding seven days

44. What is meant by Inter Bank Participation Certificates

The inter bank participation certificates are the inter bank money market instruments used by the commercial banks to park their surplus funds.

45. What is meant by open market operations ?

Open market operations refers broadly to the purchase and sale of by the Central Bank of a variety of assets such as foreign exchange, gold, government securities and even company share.

46. Marginal Standing Facility

It is a very short term borrowing scheme of RBI for scheduled commercial banks through which commercial banks can borrow from RBI against government securities.

47. Satellite Dealers

RBI introduced the concept of satellite dealers in order to provide supporting infrastructure in the government securities market. They help in trading and distribution of government securities

48. Merchant Banker

Merchant Bank is an institution or an organisation which provides a number of services including management of securities, portfolio management, underwriting etc