

Question	Answer1	Answer2	Answer3	Answer4
DEBT MARKET-II				
_____ is the chance of loss or the variability of returns or uncertainty associated with a given asset.	Risk	Return	Coupon	Reinvestment
When _____ rate rise , bond orices fall ; conversely when rates decline , bond price rise.	Interest	Reinvestment	Call	Inflation
When interest rates are declining , investors have to _____ their interest income and any return of principal whether scheduled or unscheduled , at lower prevailing rates.	Interest	Reinvestment	Call	Inflation
Inflation reduces the purchasing power of a bond investor's future interest payments and principal collectively know as _____ flows".	Current	Cash	Interest	Coupon
Fixed income securities also provide capital _____.	Stability	Unstable	inconstant	temporary
In fixed income returns bear relatively _____ correlations to returns typically riskier asset classes.	High	Medium	Low	Equal
Fixed - income security , are _____ with promised cash flows.	Financial claims	Income claims	Equity claims	Debt - claims
A fixed income security , often referred to as a _____.	Debt	Equity	Bond	capital
If a Bond price is 1000 and pays 3% coupon annually with interest rate of 5% having a maturity of 2 years. Calculate the Duration.	0.0649 years	0.0849 years	0.1149 years	0.1249 years
If a Bond price is 1000 and pays 3% coupon annually with interest rate of 5% having a maturity of 1 years. Calculate the Duration.	0.04856	0.02856	0.06856	0.08856
A Bond prevailing at price of Rs.101. If the yield increases by 50 basis points (0.5%) the price will decrease to Rs 100.2 and if the yield decrease by 50 basis points(0.5%), price will increase to Rs.102. Find Convexity	39.6	29.6	19.6	9.6
A Bond prevailing at price of Rs.202. If the yield increases by 50 basis points (0.5%) the price will decrease to Rs 200.2 and if the yield decrease by 50 basis points(0.5%), price will increase to Rs.202. Find Convexity	19.90.	13.9	10.9	8.9
15% Convertible Bonds , face value Rs.100 ,maturity of 10 years having conversion Ratio is Rs.50per share. The market price of the Bond is 10 . Calculate conversion Value	Rs.50	Rs.500	Rs.250	Rs.500
15% Convertible Bonds , face value Rs.100 ,maturity of 10 years having conversion Ratio is Rs.15per share. The market price of the Bond is 5 . Calculate conversion Value	Rs. 35	Rs. 55	Rs. 75	Rs. 95
15% Convertible Bonds , face value Rs.100 ,maturity of 10 years having conversion Value is Rs.15per share. The market price of the Bond is 25 . Calculate conversion premium	Rs. 10	Rs. 20	Rs. 30	Rs. 40
15% Convertible Bonds , face value Rs.100 ,maturity of 10 years having conversion Value is Rs.750 per share. The market price of the Bond is 725 . Calculate conversion premium	Rs. 15	Rs. 25	Rs. 35	Rs. 45
Conversion Ratio = _____ ÷ Conversion price	Underlying share price	Market Conversion price	Convertible Bond price	Facevalue of the Bond

15% Convertible Bonds , face value Rs.100 ,maturity of 10 years having conversion price is Rs.16.75per share . Calculate conversion Ratio	6.97 shares	7.97 shares	8.97 shares	5.97 shares
15% Convertible Bonds , face value Rs.500 ,maturity of 10 years having conversion price is Rs.25 per share . Calculate conversion Ratio	22 shares	20 shares	22 shares	24 shares
Bond price are said to have an _____ relationship with interest rates.	Weighted average	Linear relationship	Dollar Value	Inverse
Duration is defined as _____ order derivative of price with respect to interest rate .	First	Second	Third	Four
A Second complication is determining the rate at which to discount the expected _____ flows.	Current	Cash	Interest	Coupon
_____ options are derivative contracts that give investors the right , but not obligation , to buy or sell a bond contract on a future date at a fixed price.	Debt	Equity	Bond	capital
A _____ bond is bond that can be redeemed by the issuer prior to its maturity .	callable	putable	zero	Risk
A Callable bonds pays an investors a _____ coupon than a non- callable bonds.	Higher	Medium	Low	Equal
A _____ bond is a bond that allows the holder to force the issuer to repurchase the security at specified dates before maturity.	callable	putable	zero	Risk
The credit bubble was due to _____ and easy borrowing conditions	High Interest rates	Low interest rates	Increasing population	Improved lifestyles
The sub-prime loans were _____	Risk free	Low risk	Highly risky	Risk immune
Under ARMs borrowers had to pay only the _____ during in initial period	Principle	Coupon	Minimum payment	Interest
Due to securitisation, _____ is created/originated and distributed by the investment firms/banks	Mortgage Backed Security	Bonds	Loans	Money Market securities
ARM stands for _____	Adjustable Risk Mobilisation	Advanced Rate Mortgages	Adjustable Rate Money	Adjustable Rate Mortgages
CDOs were further divided into small financial unit called _____	Tranches	Swaps	MBS	Mortgages
To provide _____ to all the people was the priority of both the Clinton and Bush administration	High standards of living	House at affordable price	Profits to the banks	Credit facility
The tracking error measurement is in term of the _____ period	Specific	Fluctuating	Observation	Accounting
Sub-prime lending means extending credit to people who would otherwise not have access to the _____	US market	Credit market	Banks	Housing
_____ strategies are best on anticipated interest rate changes	Passive	Active	Cooperative	Interest rate
Portfolio strategies can be classified as either active strategies or _____ strategies	Passive	Leading	Hybrid	lagging
The _____ will vary by type of financial institution	Fundamental anlysis	Investment objective	Regulations	Tracking error methods
_____ economic indicators can forecast the future movements of a country's economy	Unit labour cost	Coincidence	Leading	Lagging

Risk measured by the standard deviation of the return of the portfolio relative to the return of the benchmark index is called _____	Portfolio management	Profit earned	Immunisation	Tracking error
Cash flow matching involves using dedicated portfolio with cash flows that match _____ liabilities	Specific	All	Future	Contingent
A _____ strategy is a portfolio whose duration is allocated to one maturity group	Market linked	Ladder	Barbell	Bullet
A _____ portfolio management strategy is when u allocate a percentage of your portfolio to passive investments and percentage to active investments	Constructive	Cash flow matching	Hybrid	Cell matching
There tends to be higher demand for _____ bond during economic prosperity	Higher quality	Embaded	Short term	Lower quality
A _____ profits by selling short the bonds that are expected to decline in price relative to the bonds that are expected to increase in price more, which are bought	Passive portfolio management	Quality swap	Cell matching	Cash flow matching
_____ indicators are characterized by the fact that they develop mostly parallel to the economic cycle	Leading	Lagging	Coincident	Constructive
There tends to be higher demand for _____ bond during economic slowdown	Higher quality	Embaded	Long term	Lower quality
We call the vertical line separating each phase of the business and financial cycle a _____	Trade cycle	Configuration	Phases	Connector
The more weight _____ decision makers attach to an indicator, the more significant this indicator is to the financial markets	Investment	Institutional	Economic policy	Corporate
The _____ measures volume changes in the production of an economy	PPP	MBS	ARM	IIP
BUSINESS ECONOMICS -II				
Which of the following is NOT a flow variable?	Income	Saving	Wealth	Investment
During _____ consumer purchase are highest.	Recession	Recovery	Trough	Peak
Unproductive expenditures like _____ reduces the welfare of the people	Regrettable costs	Services of housewives	Leisure	Conventional and Green GNP
_____ is counted without duplication	NNP at Factor Cost	NNP	Natural capital	GDP
An economy is said to be _____ if more income comes from secondary and tertiary sectors	Advanced	Underdeveloped	Slowly developing	Backward
_____ is not a feature of Prosperity Phase	Growth in bank credits	Channelising idle funds	Increase in money supply	Lower profits
_____ is not a measure to control trade cycles	Monetary policy	Fiscal policy	Public expenditure	Poverty
In Keynes consumption theory the chief factor that determines consumption expenditure is	Personal income	Relative income	Permanent income	Disposable income

According to Keynes what causes changes in inducement to invest by entrepreneurs?	MPC and MEI	MES and MPC	MEC and rate of interest	MPC and rate of interest
If MPC is 1/2, then MPS is _____ and k is _____.	1,2	1/2,2	2,2	2,1
APS =	C/Y	S/Y	I/C	C/S
Supply of money is a _____ as well as a stock	long	fluctuation	flow	base
_____ is major determinant of bank money	community money	public money	cash reserve ratio	budget
Which of the following is most liquid measure of money supply in India	M1	M2	M3	M4
According to J M Keynes demand for money is influenced by _____	liquidity preference	demand	sales	profit
Demand for money according to _____ economist is due to medium of exchange	modern	classical	regional	international
The demand for money as a cushion against unexpected contingencies is called the	transactions motive	precautionary motive	insurance motive	speculative motive
Equation $M=KPY$ is propounded by which of the following Cambridge economists _____.	Keynes	Marshall	Robertson	Pigou
_____ refers to the demand for money for day to day transactions.	Speculative motive	Transactionary motive	Precautionary motive	Quantity of Money
The main objective of monetary policy in India is _____	Growth with Stability	Reduce Poverty and Achieve Stability	Overall Monetary Stability	RBI
Which of the following concept is just opposite to deflation?	Inflation	Stagflation	Deflation	Reflation
During Inflation, Value of money _____.	falls	Increase	More	remain constant
The Cambridge economists developed _____ approach to quantity theory of money	credit balance	cash balances	independent	store value
_____ causes economic uncertainty and promote instability.	Unbalanced Budget	Balanced Budget	Public Debt	Public Borrowing
_____ is the sum of the net increase in holdings of treasury bills of the RBI and its contributions to the market borrowing of the government.	Fiscal Deficit	Primary Deficit	Stimulus Spending	Monetised Deficit
_____ tries to increase economic growth through taxes and spending.	Monetary Policy	Balance of Payment	Contractionary Policy	Expansionary policy
External Debt implies borrowing from _____ countries.	SAARC	Foreign	Asian	African
Fiscal discipline includes _____	Intra- year targets	Disclosure requirements	Disclosure requirements and Intra- year targets	Revenue Budget
The FRBM act deals only with the _____ operations of the government.	Monetary	Supervisory	Deficit	Budgetary
_____ is a long-term debt for a definite period	Funded Debt	Unfunded Debt	Debt Redemption	Public Debt
Public debt is also known as _____.	Liability	Sovereign Debt	Future Debt	Internal Debt
During the time of Inflation government will follow _____	Balanced Budget	Surplus Budget	Deficit Budget	Unbalanced Budget
Contra cyclical Fiscal policy during Recession would	Cut Government Spending	Increase Taxes	Cut Government and Increase Taxes	Increase spending and cut taxes
Fiscal Policy is said to be loose or Expansionary when	Revenue > Expenditure	Revenue < Expenditure	Expenditure = Revenue	Does not impact the changes in Taxation

Impact of a tax refers to -	Final money burden	Immediate money burden	indirect real burden	intermediate burden
Richard Ian theory assumes that	labour is homogeneous and of same efficiency in all the countries	labour is homogeneous within the country	labour differs in efficiency within the country	demand
Terms of trade are expressed as a	ratio of foreign exchange receipts and payments	ratio of price index of exports and imports	ratio of foreign direct investment and portfolio investment	investment
International trade do not increases the economic welfare of	stimulates innovations	brings down the cost of production	diversifies the consumption	number of consumer
External borrowing is treated as	acomodative flow	autonomous flow	invisible flow	prices of product
Modern theory of international trade assumes a two country, two commodity and ____ factors of production model	One	Multiple	Tour	Two
The NBTT considers _____	Increase in imports and exports	Ratio of price of exports to that of imports	Quantity of exports and imports	Percentage of export and imports
Ricardian theory of international trade is beneficial under _____	Comparative cost	Absolute cost	Equal differences in cost	Negative cost
_____ takes place in smaller percentage due to operation of the market forces.	Devaluation	Revaluation	Depreciation	Deflation
Fundamental disequilibrium is also known as _____.	Structural disequilibrium	Long run disequilibrium	Cyclical disequilibrium	Short run disequilibrium
_____ would also bring in a change in exchange rate	Past expectations	Future expectations	Economic	Social
_____ intervention reduce excess volatility.	IMF	EXIM	RBI	CRR
A purchase of government bonds come under the _____.	Equilibrium	Balance	Disequilibrium	Disbalance
The disputes of FDI are over _____	Concern	Interest	Regard	Hobby
Ricardo's theory is based on two country, two commodity and _____ model	Two factor	One factor	Multiple factor	No factor
_____ introduced the concept of GBTT	Adam Smith	Alfred Marshall	Amartya Sen	Taussing
CORPORATE FINANCE				
Finance Manager is assisted by the ' Controller ' and _____	Treasurer	Accountant	Factory manager	sales executive
Preparation of cash budget is the function of _____	Treasurer	Accountant	Controller	Auditor
Company has Equity share capital of Rs. 80,00,000 ; Preference shares of Rs. 20,00,000 and Debentures of Rs. 60,00,000. What is composition of Debentures ?	50%	12.50%	37.50%	100%
Company's composition of 6% Preference Shares is 12.50% ; Tax rate is 35 % ; After tax cost of Preference Shares as a composition of WACC is _____	8.50%	0.75%	1.95%	11.20%

The share of the company sells for Rs. 20. It is expected that company will pay next year a dividend of Rs. 2 per share which will grow at 7 % for ever. Find cost of equity	17%	10%	7%	3%
The debt - Equity ratio of company is 60:40 ; After tax rate of Debt is 9% ; Calculate cost of Debt as a composition of WACC.	1.80%	9%	3.60%	5.40%
Fixed cost divided by contribution per unit =	Contribution	Loss	Break Even Sales in units	Profit
Margin of safety sales in rupees = Actual sales in rupees minus _____ is time cost / period cost.	Loss	Break Even Sales in rupees	Profit	Contribution
	Total cost	Average cost	Fixed cost	Variable cost
If sales are Rs. 75,000 ; Profit is Rs. 20,000 ; P/V Ratio is 40% Calculate Fixed cost	Rs. 45,000	Rs. 30,000	Rs. 10,000	Rs. 20,000
If sales are Rs. 75,000 ; Profit is Rs. 20,000 ; P/V Ratio is 40% Calculate Variable cost	Rs. 45,000	Rs. 30,000	Rs. 10,000	Rs. 20,000
Sales of the company are Rs. 1,00,000 ; Variable cost Rs. 40,000 ; Fixed cost Rs. 50,000 - Find P/V Ratio	40%	50%	60%	100%
Sales of the company are Rs. 1,00,000 ; Variable cost Rs. 40,000 ; Fixed cost Rs. 50,000 - Calculate Break - Even point	Rs. 50,000	Rs. 60,000	Rs. 40,000	Rs. 83,333
If sales are Rs. 1,20,000 ; Profit is Rs. 9,000 ; P/V Ratio is 20% Calculate Contribution	Rs. 96,000	Rs. 24,000	Rs. 15,000	Rs. 20,000
If sales are Rs. 1,40,000 ; Profit is Rs. 9,000 ; P/V Ratio is 20% Calculate Contribution	Rs. 1,12,000	Rs. 28,000	Rs. 15,000	Rs. 30,000
Overall cost of capital is also termed as _____	Average cost of capital	Proportionate cost of capital	Weighted Average cost of capital	Marginal cost of capital
Company has Debt composition of 40 % . After tax cost of debt is 6% ; so cost of debt is	40%	6%	2.40%	None of the above
If contribution is 100 lakhs, Profit is 50 lakhs, Sales are 125 lakhs ; Variable Cost is _____	50 Lakhs	0.8	25 Lakhs	62.50 Lakhs
If contribution is 100 lakhs, Profit is 50 lakhs, Sales are 125 lakhs ; Margin of Safety is _____	50 Lakhs	0.8	25 Lakhs	62.50 Lakhs
If contribution is 1 lakh, Profit is Rs. 20,000, Sales are Rs. 2,50,000 ; Margin of Safety is _____	Rs. 1,50,000	Rs. 80,000	0.4	Rs. 50,000
If contribution is 1 lakh, Profit is Rs. 20,000, Sales are Rs. 2,50,000 ; P/V Ratio is _____	Rs. 1,50,000	Rs. 80,000	0.4	Rs. 50,000
If company has Debentures of Rs. 22,50,000 ; Preference Capital of Rs. 7,50,000 ; Equity Capital of Rs. 33,75,000 and Retained Earnings of Rs. 11,25,000. Proportion of Retained Earnings is	30%	10%	45%	15%
The Company has 10 % Debentures of Rs. 3,00,000 (Proportion is 30 %) . The tax rate applicable to the company is 40 % . Calculate Cost of debentures as a composition of WACC.	1.80%	3%	4.20%	7%

A company issues Rs. 10,00,000 10% Debentures. The company is in 50% tax bracket. Calculate the cost of debt after tax ; if debentures are issued at par.	10%	5%	5.56%	4.55%
Investment in inventory is _____	Working capital decision	Capital Structure decision	Capital budgeting decision	Cost of capital decision
Interest on Debt is _____	Issue of new securities	Risk free capital	Lowest	Tax deductible
A portion of profits , which a company does not distributes among its shareholders is _____	Dividend	Retained Earnings	Capital Gain	Interest
_____ refers to the mix of a company's Debt and Equity	Capital Asset	Capital Stock	Capital Budgeting	Capital Structure
If Equity share capital (Rs.100per share)= Rs.6,00,000 ,EBIT=Rs.1,00,000, Tax= 50%, Preference dividend= Rs.10,000 then what will be the EPS?	6.68	6.64	6.67	6.60
The optimal Capital Structure is the mixture of debt, equity and preferred stock that _____ the company's weighted average cost of capital.	Maximises	Equals	Minimizes	Finances
Profitability Index Method is an extension of _____.	Net Present Value	Payback Period	Internal Rate of Return	Accounting Rate of Return
A project has a Profitability Index of 1.30. then it means that _____	NPV is less than zero	Payback period is more than one year	The project returns 1.30 for every Re.1 invested in project.	IRR 1.30 times that of the Hurdle Rate
Accounting Rate of Return is based on _____	Average Expected Profit	Average Cash Profit	Average past Profit	Life of the Project
_____ refers to the addition of interest to the principal at periodic intervals.	Crediting	Discounting	Compounding	Present value
_____ is the rate of return that a project generates.	ARR	IRR	NPV	Annuity
_____ means to give a new structures.	Structuring	Innovating	Restructuring	Organizing
Capital Rationing is done when funds are _____.	Raised	Unlimited	Limited	Equal
Scrap value _____ cash inflow in the last year.	Decreases	Increases	remains constant	does not affect
Cost of machine is Rs. 18000 ; Estimated income from project is Rs. 8800 and estimated expenses Rs. 2800 ; Calculate payback period.	1.55 yrs.	6.43 yrs.	2.04 yrs.	3 yrs.
Profitability index of projects X,Y and Z is 1.004, 1.145 and 1.057 ; Rank the projects based on profitability Index.	III, I, II	I, II, III	III, II, I	I, III, II
NPV of Project 'A' is Rs. 71,410 , Project 'B' Rs. 56,260 and Project 'C' (Rs. 20510) . Which project to accept ?	Project 'A'	Project 'B'	No project	Project 'C'
Present Value of Cash inflows is Rs. 2,66,260 and Cash outflows are Rs. 2,10,000 ; Calculate NPV.	Rs. 2,66,260	Rs. 2,10,000	Rs. 56,260	Rs. 4,76,260
IRR of Project 'X' 16.01%, Project 'Y' 11.58% and Project 'Z' 14.20% ; Which project to select ?	Project 'X'	Project 'Y'	Project 'Z'	Any
Pay-back period of Project 'X' is 2 yrs. 11 months, Project 'Y' is 2 yrs. 6 months and Project 'Z' is 2 years. Which project to select ?	Project 'X'	Project 'Y'	Project 'Z'	Any

If income tax rate is 40 % then post-tax profit is _____ % of pre-tax profit.	40	100	60	0
Money obtained by issue of shares is known as _____	Debts	Share capital	Loans	Reserve Funds
Shareholder wealth in a firm is represented by _____	The number of people employed in the firm	The book value of the firm's asset less the book value of its liabilities	The amount of salary paid to its employees	The market price per share of the firms common stock
Financial management helps in _____	Short term planning of company activities	Estimating the total funds requirements and their proper use	Profit planning of the firm	Tax planning of the firm
Which of the following is not the responsibility of financial management?	Allocation of funds to current and capital assets	Obtaining the best mix of financing alternatives	Preparation of the firms accounting statements	Development of an appropriate dividend policy
ADRs are issued in _____	Canada	China	India	USA
FOREIGN EXCHANGE MARKET (FC IV)				
USD INR 73/73.50 is ___ quote for an Indian resident in India.	direct	indirect	cross	inverse
USD INR 73/73.50 is ___ quote for a trader in New York	direct	indirect	cross	inverse
_____ is the price at which an options contract gets executed.	Strike price	Spot price	Forex quotes	Current Account
_____ is the date at which an options contract ceases to exist.	trade date	expiry date	clearing date	value date
_____ implies offsetting exposures in one currency with the exposure in same or another currency .	matching	netting	trading	arbitraging
Prepayment of trading obligations is called _____	leading	lagging	hedging	speculating
Delayed payment of trading obligations is called _____	leading	lagging	hedging	speculating
Leading and lagging are _____ strategies.	hedging	speculating	arbitraging	margin trading
_____ is the risk of a country unable to keep up to its debt obligations	political risk	financial risk	sovereign risk	credit risk
_____ is the risk of loss due to unstable political conditions in an economy.	political risk	financial risk	sovereign risk	credit risk
_____ is the risk also referred to neighbourhood risk that includes problems in the region in which the country is situated.	political risk	location risk	sovereign risk	credit risk
_____ is the unfavourable movement in exchange rates.	exchange rate risk	location risk	sovereign risk	credit risk
_____ is the risk of restrictions in capital movement.	exchange rate risk	location risk	transfer risk	credit risk
USD INR is 73.70. What is INR USD?	0.125	0.285	0.0135	0.23
USD EUR 0.7950/80 What is EUR USD?	1.0088/1.0089	1.5000/1.7000	1.2658/1.2578	2.1252/2.1255
_____ is the difference between the bid and ask rates.	margin	spread	strike	execution price
_____ is the average of bid and ask prices.	margin	mid rate	spread	strike
_____ is the rate at which the dealer buys the currency from us.	bid	ask	sell	offer
_____ is the rate at which the dealer sells to us	bid	ask	premium	opening
GBP INR 98.1234/98.4567 Whats the spread?	0.3227	0.5	0.48	0.4898

EUR INR 77.1234/ 77.5678 What is the mid rate?	77.9999	77.3456	77.555	77.4545
Forex transactions are generally ____	squared-off	settled daily	carried forward	rolled over
Forex markets aims at transferring ____ from one currency to another.	funds	risk	purchasing power	inflation
In EUR/USD, EUR is the ____ currency.	quoted	base	traded	asked
A ____ is a trade size available in futures.	limit	lot	volume	pip
FXCM accounts have a standard lot size of ____ units of currency.	1000	2000	3000	4000
These economies have the ____ and most sophisticated financial markets in the world.	smaller	larger	lesser	largest
There have been plenty of opportunities for big ____ in the past.	loss	profits	returns	small
Between 2003 and the end of 2004, the AUD/USD currency pair offered a positive yield spread of ____.	2.50%	2.40%	2.60%	2.20%
The carry trade opportunity was also seen in USD / JPY in ____.	2006	2005	2004	3003
The Forex market size and depth make it the ideal ____ market.	Central	traders	trading	Forex
The vast majority of those front line positions are in ____.	London	India	U. S	China
____ changes can be confirmed with the help of volume.	price	cash	dollar	volume
____ volumes during an uptrend confirm the bullish tone in the market.	Lesser	high	higher	lower
Low volume during a price upswing indicate uptrend ____.	weakness	strongest	weaker	higher
The ____ was very efficiency ensured and continuously strives to make the Indian financial system is free from all defects.	SEBI	RBI	both 1&2	none of the above
The informality of the dealings led to the development of the ____.	unorganised sector	organised sector	money market	none of the above
A large number of ____ have been permitted to enter the call money market as lenders.	banks	money lender	indigenous bankers	Development institutions
The ____ always shown a tendency of avoiding cash credit and overdraft rather drawing a bill on the customer.	corporate firms	call money market	banks	none of the above
The ____ provide Rediscounting facilities to the commercial banks.	SEBI	RBI	DFHI	none of the above
____ of the money market usually results in a free and quiet flow of funds between markets/sub markets and segment within the market.	inflation	reduction	integration	monetary policy
____ is a situation where genuine customer get their bills discounted from banks.	bill market	inflation	limited secondary market	call money market
The participants in the Indian money market are largely the ____ and the primary dealers.	banks	primary dealers	public	both 1&2
The number of short term instruments available in the Indian money market is quite ____ as compared to the developed nations.	limited	unlimited	more	less
____ is currently involved in only refinancing commercial bills.	secondary market	primary market	money market	capital market
From the year ____ the call money rate, interbank rate, bill discounting rate etc. have been opened up and freed.	1990	1985	1978	1989
The ____ are presently determined by the market forces of demand and supply.	rate	rate of interest	price	discount

The operation of mutual fund are regularly monitored by _____.	RBI	UTI	SEBI	none of the above
The first step in building model portfolio is _____.	Asset allocation	defining financial needs and goals of investors	asset delocation	asset relocation
MERCHANT BANKING				
Which of the following is a fee-based service _____.	hire purchase	capital issue management	Underwriting	leasing
Under factoring, the factor acts in the capacity of _____.	an agent of his client	a trustee	a holder for value	An administrator
Formal merchant banking activity in India was originated in _____.	1978	1969	1769	1987
The early growth of merchant banking in the country is assigned to the _____.	FEMA	Foreign Exchange Regulation Act, 1973	Securities Contracts Act	Income-tax Act
The services which are offered by the finance companies are known as _____.	Financial Services	Financial Capital	Hire purchase	Leasing
In _____ financial service, money in the form of cash is involved in the transaction.	Fund based	Fee based	Merchant Banking	Housing Finance trustee.
The party who owns a leased asset is called the _____.	lessee	lessor	guarantor	trustee.
The party that uses the asset is known as _____.	lessor	lessee	guarantor	trustee.
The user of a leased asset is referred to as the _____.	Vendor	Purchaser	lessee	lessor
FULL Form of QIB IS _____	Qualified Institutional BUYER	Qualified Individual BUYER	Qualified BUYER	Qualified Institutional SELLER
FBO is an offer of specified securities by a _____ issuer .	Unlisted	Listed	Bonus	Right
The initial prospectus is called as _____	NSE	SEBI	DRHP	RBI
The Right Issue has to be kept open for _____ days.	20-30	30-60	60-90	90-100
The price at which the right shares are offered is at _____ price.	Premium	Market	Discount	Par
The basic objective of listing the security is _____.	to make popular	to provide liquidity	to protect the issuing company	to protect the private company
The issuing company is required to deposit _____% of the issue amount with the stock exchange .	10	1	3	20
Which one is QIB investors ?	Mr. Raj	Merchiraju , head of HUF	Aviva Life Insurance LTD	ICICI SECURITIES LTD
The _____ companies issues fresh securities to its existing shareholder to raise capital	Listed	UnListed	Public	Private
The Minimum issue size for large cap companies is _____ core .	5	10	15	20
For Listing , minimum _____% of the issued capital should be with non- promoters shareholders .	15	20	25	30
_____ is raised from the primary capital market through public offer , right issue and private placement etc.	Corporate Finance	IPO	FPO	Net offer to public

_____ means an offer of specified securities by an unlisted issue, to the public for subscription and includes an offer for sale of specified securities and includes an offer for sale of specified securities.	Corporate Finance	IPO	FPO	Net offer to public
A _____ means an offer of specified by a listed issuer to the public for subscription and includes an offer for sales of specified securities by a listed issuer to the public for subscription and includes an offer for sale of specified securities to the public by an existing holders of such securities in a listed issuer.	Corporate Finance	IPO	FPO	Net offer to public
SEBI introduced _____ in order to enable well - established and compliant listed companies satisfying certain specific entry norms to access Indian primary market in a time effective manner.	Preferential issue	Fixed price issue	Differential Pricing	Fast Track Issue
_____ is an application containing an authorization to block the share application containing an authorization to block the share application money in the bank account , for subscribing to an issue.	ASBA	Offer for Sale	Fresh Issue	Right issue
_____ means offer of securities by the company to the public subscription through an offer document prospectus.	ASBA	Offer for Sale	Fresh Issue	Right issue
_____ agreement for creation of charge on assets of the company.	mortgage	maturity	secured	registered
_____ is the amount on which the issuer pays interest which has to be repaid at the end of the term of the bond.	coupon	principal	market price	interest
_____ are no coupon bonds.	zero coupon	no coupon	fixed rate bond	bearer bond
A _____ is a mix between a debt and equity instrument.	perpetual bond	floating rate bonds	inflation linked bonds	FCCB
_____ are bonds issued by companies with poor financial stability and thus have poor credit quality.	unsecured bonds	secured bonds	war bonds	junk bonds
Bonds are _____ instruments.	Debt market	money market	Derivative market	foreign exchange market
_____ market is market of fixed income securities of various types and features.	money	Debt	Equity	interest
_____ are bonds issued by companies with poor financial stability and have poor credit quality.	secured bonds	war bonds	junk bonds	unsecured bonds
_____ are bonds issued by companies with poor financial stability and thus have poor credit quality.	junk bonds	war bonds	secured	unsecured
_____ is a hybrid instrument.	FCCB	war bonds	secured bonds	junk bonds
_____ play an important issuance of bonds.	bankers	merchant bankers	dealer	agent
_____ bonds give the option to the investors to convert it to equity shares.	war	secured	convertible	junk
A _____ is a mix between a debt and equity instrument.	FCCB	junk	secured	agent
_____ are security representing the debt of the company or government issuing it.	bonds	debt	secured	unsecured bonds
_____ means holding a mix of different asset classes in your portfolio.	directly	safety	choice	diversification

_____ bonds are issued with an inbuilt call option on the bond by the issuer.	callable	puttable	convertible	junk
_____ can use the process to break into foreign markets.	company	companies	agent	brokers
Conversion of bonds into stocks takes place at a premium price to _____ price.	market	stock	company	capital
_____ are known as asset management companies and liability management companies.	Financial services	Financial companies	Financial Institutions	Financial System
The financial services industry is a _____ service industry.	Customer Oriented	Profit Oriented	Industry Oriented	Technology Oriented
The quality of service of any financial service company depends upon the _____.	Marketing	Advertisement	Customer	Technology
A Stability of economy depends upon the _____ of the financial system.	Transportation	Production	Infrastructure	Mobilisation of resources
_____ is a financial supermarket catering all financial needs of customer.	Investment Bank	NBFCs	Merchant Bank	Universal Bank
_____ bank took initial step to convert themselves into universal bank.	SBI	IDFC	ICICI	IDBI
Full form of DFI is _____	Development Financial Institution	Development Financial Infrastructure	Department of Financial Institution	Department of Financial Infrastructure
Paperless script was introduced in the year _____.	1991	1994	1996	1998
_____ committee recommended the conversion of DFIs into universal bank.	Narsimham Committee I	Nachiket Mor Committee	Malhotra Committee	Narmsimham Committee II
Commodities Derivatives				
_____ derives its value from the value of an underlying.	Derivatives	Securities	Equity	Debt
_____ is an over the counter contract.	Futures	Forward	ETF	Equity
_____ is a right but not an obligation of the buyer.	Futures	Forwards	Options	Swaps
_____ is a set of cash flows between two parties on an underlying notional amount.	Futures	Forwards	Options	Swaps
Multi Commodity Exchange of India Limited was established in the year _____.	2003	2004	2005	2007
_____ are bilateral contracts exposed to counterparty risk.	Futures	Forwards	Equity	ETFs
A company that wants to sell an asset at a particular time in the future can hedge by taking a _____ future position.	long	buy	short	neutral
Which of these is not a type of FNO contract?	near month	middle month	far month	long term month
Derivatives derives its value from the value of _____	an underlying	demand	supply	regulators
_____ is an exchange traded contract to buy/sell and underlying	forwards	put option	futures	swaps
_____ is an option to buy	spot	put	call	interbank transaction
Which of these is not an derivative type?	options	forwards	equity shares	futures

Futures contracts are ____.	standardized	tailor-made	have high risk of default	don't need to pay margin
Swaps are agreement between two parties to exchange __.	underlying	notional amount	cash flows	assets
_____ take a position on the basis of their view of the market	traders	hedger	speculators	arbitrageurs
_____ is the payment made to enter in to a futures contract.	upfront	margin	interest	dividend
_____ means revealing information about future cash prices.	arbitraging	hedging	price discovery	speculating
_____ is an important feature of derivatives	spot prices	quantities	leveraging	immediate settlement
Gradually the futures prices will fall leading to the convergence of the future price with the _____ price	Forward	futures	Options	spot
_____ protects inventory value	Speculating	Arbitraging	Hedging	Trading
The Futures Price is spot price + _____	Interest	Cost of carry	Time Value	Intrinsic Value
For consumption assets _____ = cost of funds + storage + insurance	Futures Price	Option Price	Holding Cost	Market Price
_____ is a sell position created with an intention to cover the losses	Long	Short	Automatic	Market
_____ stretches the marketing period	Speculating	Arbitraging	Hedging	Trading
_____ intends to create a position in the underlying asset to gradually make profit from it	Speculators	Arbitrageurs	Hedgers	Traders
_____ has no interest in the direction of price movement	Speculators	Arbitrageurs	Hedgers	Traders
Storing of _____ assets is a risky, tedious and expensive job	Investment	Consumption	Debt	Equity
Gains of the buyer of the call option is _____	Limited	Unlimited	Unchanged	Constant
The net worth of a professional clearing member should be _____	Rs. 100 lakh	Rs. 500 lakh	Rs. 100 crore	Rs. 500 crore
_____ is at the top of the structure for electronic trading in commodity markets.	Exchange	Clearing members	Trading members	Clients
Margin for futures trade is also called as _____.	strike	premium	default bond	performance bond
_____ is a workable idea about which security to deal in.	payoff	trading plan	portfolio	asset-liability management
Exchange collects mark-to-market margins for positions adjusted on the basis of _____.	premium	strike	daily settlement price	calendar spread
Transaction charges are to be paid on _____	expiry	maturity	due date	calendar spread date
The maximum individual commodity filter is _____%	5	6	7	8
_____ is the only issue pertaining to trader work stations.	connectivity	efficiency	live quotes	convenience
The maximum number of days that an order can remain in the system is notified by the _____ from time to time.	traders	exchange	brokers	government
The cash settlement is only for the incremental gain/loss as determined on the basis of _____	final settlement price	average price for the day	opening price	last traded price
_____ is put in place by the exchange for dispute resolution.	grievance cell	investor cell	arbitration	customer care
_____ requires to ensure transparency and fairness	forwards	swaps	regulations	trading
_____ = spot price + cost of holding the asset.	premium	intrinsic value	maturity	futures price
American style of options can be exercised at _____.	expiry	maturity	never	any time
_____ means fraudulent trading, market maipulation, etc.	unfair trade practices	trading on otc	operations of the exchange	margin trading

The spot price of the underlying is Rs. 100 and the cost of carry is Rs. 20. What is the futures price?	110	120	100	101
July Pulses= Rs. 8.00, August Pulses= Rs. 8.30 September Pulses = Rs. 8.50. This condition is called ____.	Backwardation	Contango	price discovery	Liquidation
July Pulses= Rs. 8.00, August Pulses = Rs. 7.00, September Pulses= Rs. 6.00. This condition is called ____ is a risk taker.	Backwardation	Contango	price discovery	Liquidation
If the spot price is Rs. 60 and the futures price is Rs. 65, then the basis is ____	Hedger	Speculator	Arbitrageur	Regulator
The ____ of the call option is expecting the prices to depreciate.	Rs. 5 under	Rs. 5 over	Rs. 5 sideways	Rs. 5 strike
The seller of the put option is expecting the prices to ____.	buyer	long trader	seller	regulator
The seller of the put option is expecting the prices to ____.	appreciate	depreciate	move sideways	be volatile
BUSINESS LAW -II				
Associate company is a company with ____	significant influence	significant share holding	no control	political control
Shares of a company are ____	transferable	non transferable	limited	unlimited
Minimum number required for a Private company is ____	2	3	4	5
Maximum number allowed for a Private company is ____	50	100	150	200
Ultra Virus means ____	virus	wrong	unacceptable	beyond power
Public Ltd company requires minimum ____ directors	5	3	7	10
A holding company holds ____ of directors	composition	salary	terms	powers
Producer company is connected to ____ activity	secondary	producing	primary	selling
Dormant company means ____ company	delinking	inactive	foreign	nominal
DIN is granted by ____ government	state	central	tribunal	local
Partnership is basically a ____ between persons.	partnership name.	Firm name	Relation	company
The name under which the business of partnership is carried on is called ____.	partnership name.	Firm name	Company name	Corporate
The agreement which lays down terms and conditions of partnership is termed as ____.	Partnership deed	Relation	business of partnership	MOU
Section 4 of the ____ Act 1932 defines partnership.	Indian Company Act	Indian RBI Act	Indian Partnership Act	Depositories Act
Partners agree to share ____ of business.	Profits	Losss	Net Profit	Depreciation
Common Seal under which business is carried on is called ____.	partnership name.	Firm name	Company name	Charter Name
All partners are entitled to share ____.	Profits	Profits equally	loss	Only Profits
A minor is entitled ____.	To share profits of a business.	To benefits of firm	To partnership firm	to share Liability
Where partnership is not for a fixed period of time, it is known as ____.	Partnership deed	Partnership at will	To partnership firm	Domant Partnership
Partners who takes part in business of firm is called ____.	Nominal partner	Active partner	Dormant partner	Minor Partner
Partner by holding out is governed by Sec ____.	Sec. 20	Sec. 22	Sec. 26	Sec. 28

Law dealing with partnership is contained in ____.	The Indian Partnership Act, 1932,	Ch. XI of Contract Act 1872,	Partnership deed	MOU
Number of persons a firm carrying on business other than banking ____.	Minimum 2 & Maximum 20	Minimum 3 & Maximum 20	Minimum 5 & Maximum 20	Minimum 8 & Maximum 20
True test of partnership is ____.	Financial agency	Agents	Mutual agency	Sharing of Depreciation
A share in a partnership is transferred like any other ____.	Profits equally	Property	Financial profit	Agency
Partnership is an agreement between minimum two persons ____.	to share profits of a business.	to enjoy dividends.	to get interest on loans.	cannot be.
A firm is ____.	a separate legal entity.	not a separate legal entity.	a company.	cannot be.
Partners who actively participate in business are known as ____.	dormant partners.	sleeping partner.	active partners.	three.
A dormant partner is known as a ____.	sub-partners.	sleeping partner.	active partner.	no events.
Partners are ____.	mutual agents.	co-owners.	sub-agents.	Keeping erroneous accounts and not making entries of receipts.
It is ____ to get the partnership firm registered.	necessary	not necessary	flexible	shared
The partnership firm is a ____ form of business organization.	rigid	flexible	inexperienced	chartered
In partnership, business risk is ____ by all the partners.	shared	not shared	missing	not considered relevant
Partnership is a ____ effort.	group	individual	department	to share profits of a business.
In comparison to sole proprietorship, it may be possible for partnership firm to pool ____ (more, less) resources.	more	less	constant	a separate legal entity.
Dissolution of a firm ____.	involves total breakdown of the relation of partnership between all the partners.	does not involve total breakdown of the relation of partnership between all the partners.	involves breakdown of the law of partnership.	dormant partners.
A firm ____ dissolved by the deed of partnership.	can be.	cannot be.	must be.	sub-partners.
A partnership which is not at will ____ dissolved by explicit, precise and final notice.	can be.	cannot be.	must not be	mutual agents.
When all the partners except ____ are adjudicated insolvent, the firm is compulsory dissolved.	two.	three.	one.	ten
____ means, any person making an offer of specified securities.	issuer	public issue	issue	guide
____ means an issuer whose equity shares are listed in a recognised stock exchange.	issue	issuer	listed issuer	insurance

Filing of offer and other documents with _____.	SEBI	RBI	SBI	SAT
The lead _____ shall submit post-issue reports to the board.	merchant banker	banker	brokers	agent
Net tangible assets of ___ crores in each of the preceding 3 full years.	4	2	6	3
_____ where no identifiable promoter group exists.	Companies	composer	company	conversion
_____ advertisement for rights issue to be made with requisite details.	Pre-issue	right issue	issue	issuer
Utilisation of funds raised in _____ to be utilised on the basis of allotment.	rights issue	issuer	issuing	pro issue
_____ issue in lieu of dividend is not permitted.	Bonus	pre issue	pro issue	rights
The issuer shall redeem the _____ debt instruments in terms of the offer document.	convertible	non convertible	no issuer	issuer
_____ means a merchant banker appointed by the issuer to undertake the book building process.	Book runner	bonds	board	advertisement
EQUITY MARKET -II				
The _____ at any given time is merely the point of equilibrium at which the number of buyers willing to buy at that price is equal to the number of sellers willing to sell at that price.	Volume	Demand	Supply	Share Price
If there are more buyers than sellers, then the share price will _____.	Increase	Decrease	No change	Volatility
_____ is determined by matching buy and sell orders.	Volume	Demand	Supply	Share Price
_____ refers to capital inflows from abroad that invest in the production capacity of the economy	FDI	FII	Investment	Disinvestment
_____ leads to Industrial Sector Dominance in the Domestic Market, Infusion of Foreign Culture , and Foreign Business Practices	Investment	FDI	FII	Disinvestment
FDI is _____ Atomic Energy , Lottery Business and Gambling and Betting	Possible in	Permitted	Not permitted	Compulsory
_____ is approved through Automatic Route, The FIPB Route, CCFI Route	Investment	FDI	FII	Disinvestment
_____ is a form of majority disinvestment wherein 100% control of the company is passed on to a buyer.	Complete Privatisation	Minority Disinvestment	Majority Disinvestment	Liberalisation
Financial savings are savings and investment in _____	Gold	Real Estate	Silver	Bank, stock markets
All the _____ tries to either only buying or only selling at the same time particularly at times of market stress.	Investment	Disinvestment	FDI	FII's
The wide variety of instruments available along with government policies like compulsory deposit schemes helped in the growth of financial saving by the _____	Private Sector	Public Sector	Foreign Sector	Household sector
The owner of securities intending to avail of depository services opens an account with a depository through a _____ .	Demat	Government	Broker	Depository Participant

The law governing companies in India is _____	Companies Act 2013	Company Law Board	Securities and Contract Regulation Act, 1956	Industrial Disputes Act 1932
_____ does not work for companies that do not provide dividends.	Constant Growth Model	Dividend Discount Model	Multiple Growth Model	Price earning valuation method
Value of stock(P) = $\frac{\text{Div1}}{(r - g)}$ _____ _____ expected its effect on	As per Constant Growth Model	As per Dividend Discount Model	As per Multiple Growth Model	As per Price earning valuation method
	Price Earning valuation	CAPM	Constant Growth Model	Dividend Discount Model
_____ industry and company fundamentals	Industry Analysis	Company Analysis	Macroeconomic Analysis	Technical Analysis
Sales revenue, profitability, pricing strategy are factors for _____ .	Industry Analysis	Company Analysis	Macroeconomic Analysis	Technical Analysis
Balance Sheet and Profit and Loss Account ratios are considered as basis in _____	Industry Analysis	Company Analysis	Macroeconomic Analysis	Technical Analysis
_____ is based on long term trends, value recognising and business judgement.	Fundamental Analysis	Technical Analysis	Du-pont Analysis	End-to-end Analysis
_____ assumes the dividends grow at a high rate initially followed by a lower constant rate for later years.	Multi-level Dividend discount	Modigliani and Miller	Zero Growth Dividend	Gordon Growth
_____ is a method of relative valuation of a company's share price with its earnings per share or EPS.	Multi-level Dividend discount	Price earning Ratio	Zero Growth Dividend	Gordon Growth
When prices are nearing the maturity levels of cycle, _____ areas are reached.	Support	Resistance	Trend	Gap
Triangles, Flags and Pennants and Wedges are _____	Data	Trend signals	Continuation Patterns	Reversal Patterns
_____ are a key link between the clearing members and NSCCL to effect settlement of funds.	Trading	OTC	Custodians	Clearing Banks
A _____ is an organisation which holds securities of investors in electronic form at the request of the investors through a registered Depository Participant.	Depository	Trader	Broker	Agent
_____ is the proposition that current stock prices fully reflect available information about the value of the firm, and there is no way to earn excess profit , by using this information .	Efficient market Hypothesis	Weak form Efficiency	Semi- strong Efficiency	Strong form Efficiency
The _____ of the efficient market hypothesis holds that information on the past movement of stock price and volumes cannot be used to predict future stock prices.	Efficient market Hypothesis	Weak form Efficiency	Semi- strong Efficiency	Strong form Efficiency
The _____ hypothesis states that the current price fully incorporates all existing information , both public and private .	Serial - Co-relations test	Semi strong form Efficiency	strong form Efficiency	Filter rules
The word _____ derives from the greed to aim , to and means" random " or " chance ".	Stochastic	Brownian	Efficient market Hypothesis	Weak form Efficiency

_____ models are used in analysis to predict market movements .	Stochastic	Brownian	Efficient market Hypothesis	Weak form Efficiency
_____ test of randomness is s statistical test that is used to know the randomness in data .	Filter rules	Run	Weak form	Serial - Co-relations test
_____ deals with one of the most fundamental and exciting issues in finance - why price change in security markets and how those changes take place	Efficient market Hypothesis	Weak form Efficiency	Semi- strong Efficiency	Strong form Efficiency
The _____ suggests that profiting from predicting price movements is very difficult and unlikely.	Efficient market Hypothesis	Weak form Efficiency	Semi- strong Efficiency	Strong form Efficiency
The main difference between the semi - strong and strong efficiency hypotheses is that in the latter case , nobody should be able to systematically generate profit even if trading on information not publicly know at the _____	Time	Place	dependent	independent
Stock Exchange diverts the savings towards _____ channels.	Technology	Economic	Productive	Financial
_____ are those investors or the brokers for that matter who believe that the share price is going to go upwards	Bulls	Bears	Stags	Jobbers
_____ are the dealers in securities in a stock Exchange .	Jobbers	Commission Brokers	Tarawaniwalas	Sub - brokers
Arbitrageurs buy security in one market and sell the same in another market to get opportunistic _____.	Loss	Profit	Services	Capital
A stock broker applies for registration to _____ through stock exchange of which he or she is admitted as a member .	RBI	SBI	SEBI	BSE
_____ gives definition of stock Exchange .	The securities contract Act 1956	Indian Companies Act 1956	Partnership Act 1932	SEBI Act 1992
_____ Shares are supposed to be something like a blue chip, where there is more number of transaction that take place in this particulars segment .	Category G	Category A	Category F	Category T
_____ shares are shares of the companies because of certain manipulations, inside trading etc. may under surveillance .	Category G	Category A	Category C	Category T
NSCCL was _____ clearing corporation in the country to provide settlement that revolutionized the entire concept of settlement system in India.	first	Second	Third	Four
_____ members are members of NSCCL.	Arbitrageurs	Commission Brokers	Tarawaniwalas	Clearing
On the securities _____ , delivering members are required to bring in securities to NSCCL.	Pay-out day	Pay-in day	Trading day	Settlement day
On _____ , the securities are delivered to the respective receiving members.	Pay-out day	Pay-in day	Trading day	Settlement day
If a person is pessimistic, believing that stocks are going to drop, he or she is called a _____	Bull	Bear	Pig	Chickens
_____ are high-risk investors and buys on hot tips	Bull	Bear	Pigs	Chickens
_____ provides ready marketability to company's securities.	Trading	Listing	Clearing	Settlement