

Chapter 10: Financial Market

TRUE- FALSE QUESTIONS	
1	Private Placement helps to raise capital more quickly than a public issue (True/False)
2	Rights Issue is a privilege given to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. (True/False)
3	SEBI was established by the Government of India in the year 1992 (True/False)
4	All investor in the security market are Active investors. (True/False)
5	It is mandatory to have PAN number for getting Dmat account.(True/False)
6	Money Market is a market where old securities are bought and sold.
7	The main purpose of SEBI was to increase business of stock exchange
8	Call money and Certificate of Deposits are the short term document dealt in money market.
9	Right issue means to issue new shares to old shareholders.
10	Secondary market is closely related with new issue of securities.
11	Commercial paper is used for Bridge Financing.
12	Only buying of securities take place in secondary market.
13	The settlement cycle for secondary market transactions is on T+2 day on rolling settlement basis, w.e.f. 1 st April, 2003.
14	Controlling unfair trade practices is an objective of SEBI.
15	The process of holding securities in an electronic form is called Dematerialisation.
16	The term money market refers to facilities and institutional arrangements through which long term funds; both debt and equity are raised and invested. (True /False)
17	Primary market is also referred to as the new issue market. (True /False)
18	In India National securities Depository Limited (NSDL) acts as depository participants. (True /False)
19	The depository participant serves as an intermediary between the investor and the Depository. (True /False)
20	Secondary market is a market for the trading of the old /existing securities of the companies. (True /False)
21	Treasury Bills carry high risk of default. (True /False)
22	A right issue is a method used by company to issues securities to institutional investors and some selected individuals (True /False)
23	Capital market is a branch of money market (True /False)
24	Commercial bill and treasury bill are same (True /False)
25	The interest paid on call money is called call rate (True /False)
26	The financial market refers to the market where goods are created and exchanged. (TRUE/FALSE)
27	The financial markets facilitate the sale purchase of financial asset. (TRUE/FALSE)
28	The treasury bills can be purchased for Rs 25000 or in its multiples. (TRUE/FALSE)
29	The commercial papers can be issued for 15 days to 3 months. (TRUE/FALSE)
30	The companies which cannot bear the expenditure of public issue , use the method of private placements. (TRUE/FALSE)
31	Increase in the call rate makes the other short term sources of funds dearer. (True/False)
32	Call Money is an important part of money market where day-to-day surplus funds of banks and other financial institutions are dealt with.(TRUE/FALSE)

33	When a trade bill is accepted (discounting of bills) by a commercial bank, it is known as <u>commercial bill</u> . (TRUE/FALSE)
34	TBills are not issued by RBI on behalf of Central Government. (TRUE/FALSE)
35	Money market instruments do not enjoy high degree of liquidity (TRUE/FALSE)
36	Is the statement true that the price in the primary market is determined by the forces of demand and supply?
37	The capital market is generally much safer with a minimum risk of default
38	The money market is classified into primary and secondary market
39	Secondary market helps existing investors to invest and fresh investors to enter the market.
40	Only buying of securities take place in the primary market, securities cannot be sold there.
41	Stock exchange is also known as secondary market. (KNOWLEDGE) (a) True. (b) false.
42	SEBI is the regulatory body of stock exchange. (UNDERSTANDING) (a) True. (b) false
43	Training of intermediaries is a protective function of SEBI. (EVALUATION) (a) True. (b) false.
44	Stock exchange provides liquidity in securities market . (UNDERSTANDING) (a) True. (b) false
45	Capital market deals in shares and debentures. (EVALUATION) (a) True. (b) false.
46	Zero coupon bonds are also known as treasury bills. (APPLICATION) (a) True. (b) false.
47	Private placement refers to issue of securities to selected individual. (EVALUATION) (a) True. (b) false.
48	Money market helps in meeting the working capital requirement of companies. (EVALUATION) (a) True. (b) false.
49	Capital market helps in meeting the fixed capital requirement of enterprise.(EVALUATION) (a) True. (b) false
50	Call money is also known as Inter bank call money market. (UNDEDRSTANDING) (a) True. (b) false.
51	Commercial bill and commercial paper are same.
52	In the financial market, business firms are the suppliers of funds.
53	The investment in capital markets generally yields a higher return for investors than the money markets.
54	Secondary market is a market for the trading of the old/existing securities of the companies.
55	Sudha Enterprises wishes to invest Rs.2,10,000 in treasury bills. The maximum number of treasury bills he can buy with this fund is 21.

Answer KEY

True/False	1-T	2-T	3-T	4-F	5-T	6-F	7-F	8-T	9-T	10-F
	11-T	12-F	13-T	14-F	15-T	16-F	17-T	18-F	19-T	20-T
	21-F	22-F	23-F	24-F	25-T	26-f	27-T	28-T	29-F	30-T
	31-T	32-T	33-T	34-F	35-F	36-F	37-F	38-F	39-T	40-T
	41-T	42-T	43-F	44-T	45-T	46-T	47-T	48-T	49-T	50-T
	51-F	52-F	53-T	54-T	55-F					

**PREPARED BY THE PGTs (COMMERCE) OF BHUBANESWAR, GUWAHATI, KOLKATA, RANCHI,
SILCHAR AND TINSUKIA REGIONS.**