INDIAN SCHOOL AL WADI AL KABIR

Class: XII	**Department: Commerce**
Subject: BST	**Chapter: 10 FINANCIAL MARKETS**
Worksheet: 2	**MCQs**

Qt no.	
1	Which of the following claims about financial markets is correct? (a) They serve as a link between households that save money and businesses that invest it. (b) They act as a link between savers and investors by facilitating the transfer of funds. (c) They invest the money they have available in their most profitable investment option. (d) All of the above
2	Which of the following is not a financial market function? (a) Price determination of securities (b) Floating of companies (c) Lowering transaction cost (d) Mobilisation of savings
3	It’s a market for short-term funds that deal in monetary assets with a one-year maturity period. (a) Primary market (b) Secondary market (c) Capital market (d) Money market
4	Which of the following statements about the money market is false? (a) It has a low market risk. (b) It is located in specific areas. (c) Deals in short-term and unsecured debt products. (d) The instruments that are traded are quite liquid.

5	A treasury bill is issued by – (a) National banks (b) Private sector banks (c) Reserve bank of India (d) All of the above
6	For large and creditworthy enterprises, it is utilized as an alternative to bank borrowing. What exactly is it? (a) Commercial papers (b) Call money (c) Commercial bill (d) None of the above
7	It is a way by which banks borrow from one another in order to keep their cash reserve ratios in check- (a) Commercial bills (b) Commercial paper (c) Call money (d) None of the above
8	The RBI sells Naman a financial asset. This financial asset is a short-term borrowing instrument. He bought it because he doesn’t want to take any risk and wants a guaranteed profit. A promissory note is a type of financial instrument. It’s a very liquid substance. Zero-Coupon Bond is another name for this instrument. T-65 is inscribed on this instrument. In the example above, which financial asset is mentioned? (a) Call money (b) Treasury bills (c) Commercial paper (d) Commercial bill
9	Which of the following statements about the capital market is false? (a) The funds are only raised for a limited time. (b) It is possible to raise both debt and equity financing.

	(c) It is divided into two categories. (d) All of the above
10	Which of the following statements is not true with regard to stock exchange? (a) It provides a platform for buying and selling of new securities. (b) It curbs the marketability of the securities. (c) By providing a ready market, it extends liquidity to the securities. (d) It provides a platform for buying and selling of old securities.
11	In the primary market, a company can raise funds in the form of- (a) Equity shares (b) Preference shares (c) Debentures (d) All of the above
12	Which of the following is not a stock exchange's protective function? (a) Fraudulent and unfair business activities are prohibited. (b) Keeping an eye on insider trading. (c) Companies' takeover proposals are regulated. (d) Fair practices and a code of behavior in the securities industry are promoted.
13	The Stock Exchange is a method for valuing securities using the dynamics of supply and demand. Determine the purpose of stock exchanges in this regard. (a) Providing liquidity and marketability of securities (b) Safety of transaction (c) Pricing of security (d) Spreading of the equity cult
14	Read the following statements carefully: **Statement I:** Secondary Market directly promotes capital formation. **Statement lI:** Capital market deals in medium and long term securities such as equity shares and debentures.

	In the light of given statements, choose the correct alternative from the following: (a)Both the statements are true. (b)Both the statements are false. (c)Statement I is true, Statement II is false. (d)Statement II is true, Statement I is false.
15	Which of the following is an instrument of the money market? (a) bonds (b)T-bills (c)debentures (d) equity shares
16	If Bank is for money, then depositories are for __________? (a) cheques (b) securities (c) fixed deposits (d) physical assets like gold
17	Which among the following is an exclusive benefit granted to the existing shareholders to subscribe to a new issue of shares in accordance with the company's terms and conditions? (a) e-IPOs (b) rights issue (c) private placement (d) offer through prospectus
18	Zebronics Technology Solutions, a leading tech company, recently announced its plan to raise additional funds to fuel its expansion and research initiatives. The company's board of directors approved an offer to the existing shareholders to purchase additional shares at a discounted price. This offer will be available for a specific period. How is Zebronics Technology Solutions planning to raise additional funds in the primary market, while offering its existing shareholders the opportunity to purchase more shares? (a) Conducting an e-IPO to reach a wider digital audience (b) Privately placing shares with select institutional investors (c) Launching an Initial Public Offering to enter the stock market (d) Issuing right shares for existing shareholders at a discounted price
19	Which of the following statements accurately represents one of the protective functions of SEBI in real-life scenarios?

	(a) It is responsible for managing government budgets and allocating funds for various developmental projects. (b) It ensures the safety and security of data transmitted during online trading transactions. (c) It promotes and regulates the insurance industry to safeguard policyholders' interests. (d) It monitors and regulates the securities market to protect investors and maintain market integrity.
20	The process of holding shares in electronic form is known as (a) Demutualisation (b) Dematerialisation (c) Speculation (d) None of the above
21	One of the common irregularities noted by the Securities and Exchange Board of India during the inspection of a stock exchange was that it was dealing with unregistered sub-brokers. Identify the related function of Securities and Exchange Board of India (a) Regulatory function (b) Protective function (c) Developmental function (d) None of the above
22	It acts like a bank and keeps securities in electronic form on behalf of the investor, (a) Depository Participant (b) Depository (c) Stock exchange (d) None of the above
23	Under this method of floatation in primary market, a subscription is invited from general public to invest in the securities of a company through the issue of advertisement. (a) Private placement (b) Offer through prospectus (c) Offer for sale (d) All of the above
24	On this day, the exchange will deliver the share or make payment to the other broker, (a) Pay-in day (b) Pay-out day (c) Transaction day (d) None of the above
25	When is a trade confirmation slip issued to the investor? (a) On placing an order

	(b) On execution of the order (c) On settlement of the order (d) None of the above
26	After the trade has been executed, the broker issues a Contract Note to the investor within (a) 52 hours (b) 24 hours (c) 48 hours (d) 12 hours
27	Assertion (A): Money market instruments are less risky. Reason (R): Instruments of the money market have a shorter duration and issuers are financially sound. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true but Reason (R) is False (d) Assertion (A) is False but Reason (R) is True.