

QUESTION BANK- FINANCIAL MARKETS AND OPERATIONS

Module -1

Short Answer Questions (2 marks each)

1. What do you mean by Saving?
2. What do you mean by investment?
3. What do you mean by financial system?
4. What do you mean by banking institutions?
5. What are RRBs?
6. What do you mean by foreign banks?
7. What do you mean by non-banking financial institutions?
8. What is a development bank?
9. What do you mean by a financial market?
10. What do you mean by financial instruments?
11. What do you mean by financial intermediaries?
12. What do you mean by financial services?
13. What is GST?
14. What is IBC?
15. What do you mean by financial engineering?
16. What do you mean by merchant banking?
17. What is loan syndication?
18. What is securitisation? 19. What do you mean by swap?
20. What do you mean by LOC
21. What is financial market?
22. What do you mean by money market?
23. What do you mean by call money market?
24. What is discount marketing?
25. What is acceptance marketing?
26. What do you mean by treasury bill market?
27. What do you mean by commercial paper?
28. What is Repo?
29. What do you mean by capital market?
30. What do you mean by industrial securities market?
31. What is primary market?
32. Define government security market.
33. What do you mean by inscribed stock?
34. What do you mean by bearer bonds?
35. What do you mean by mortgage market?
36. What is financial guarantee market?
37. What do you mean by a debenture?
38. What is a bond?
39. What do you mean by Euro Issues?
40. What is GD

41. What is EDR?

42. What do you mean by foreign currency convertible bonds?

43. What do you mean by gilt edged securities?

44. What do you mean by derivatives?

[Short Essay Questions (5 marks each)]

1. What are the different types of investment?

2. Define investment. What are the factors influencing investments

3 What are the functions of financial system?

4. Explain the benefits of financial intermediaries

5 Explain the role of IDBI in the capital market

6.Explain the role of ICICI in capital market

7 Define a financial market What are its functions?

8. What are the advantages of commercial paper?

9. What are the advantages of certificate of deposits?

10. What are the different types of trading practiced by RBI in dealing with government securities?

11. Differentiate money market from capital market

12. What are the rights of equity shareholders?

13. What are the characteristics of equity shareholders?

14. What do you mean by pre-emptive right?

15. What are the different types of preference shares?

16 Explain the following terms:

(1) Sweat equity (iv) Speculative shares

(ii) Blue chip shares (v) Cyclical shares

(iii) Growth shares

17. What are the different types of debentures?

18 What are the features of debentures?

19. Differentiate debentures from share

20. Explain the weakness of Indian Financial System

Essay Questions (15 marks each)

1. Explain the structure of Indian Financial System.

2 What are the different categories of financial institutions?

3 Define a financial market. Explain the different types of financial markets,

4. Explain the recent development in Indian Financial System.

5. Explain the various innovative instruments that have appeared in the financial services.

6. Define money market. What are the functions and features of money market?

7. Explain the common instruments of money market.

8. What are the merits and deficiencies of Indian Money Market?

9. Explain the functions and objectives of SEBI.

Module-2

Short Answer Questions (2 marks each)

1.What do you mean by primary marker?

2.What do you mean by underwriting?

3. What is syndicate underwriting!
4. What is sadly underwriting?
5. What is IPO
6. What do you mean by FPO?
7. What do you mean by E-IPO
8. What do you mean by ASBA?
9. What do you mean by Self Certified Syndicate Bank?
10. Define green shoe option.
11. What do you mean by Bonus Issue?
12. What do you mean by Bonus Shares?
13. What do you mean by Right Issue or Right Shares?
14. What do you mean by private placement
15. Define book building
16. What do you mean by Qualified Institutional Buyer
17. What do you mean by ESOP?
18. What do you mean by IDR
19. What do you mean by QIP
20. What do you mean by QIB?

Short Essay Questions (5 marks each)

1. Define primary market. What are the features of New Issue Market?
2. What are the different types of underwriting agreement?
3. What are the advantages of IPO?
4. What are the different types of follow on public offer?
5. What are the benefits of ASBA?
6. What are the objectives of issue of bonus shares?
7. What are the advantages of bonus issue?
8. What are the guidelines of SEBI on the issue of bonus shares?
9. Differentiate public issue from right issue.
10. What are the advantages of right issues?
11. Define private placement and explain the procedure for private placement of share
12. What are the conditions for private placement of shares?
13. What are the advantages of private placement?
14. Explain the following terms:
(i) Price Band (ii) Red-herring prospectus (iii) FII
(iv) Partial book building (v) Outright purchase
15. What are the objectives of ESOP?
16. What are the features or elements of IDR?
17. Explain the functions of merchant bankers.
18. Define QIB. What are benefits or importance of QIB?

19. Explain the following terms following terms:

- (i) discount bonds Junk bonds (ii) Zero coupon bonds (iii) Puttable Bond
(iv) Junk Bonds (v) Carrot stick bonds

Questions (15 marks each)

1. What the functions New Market?

2. What are the different methods of New Issue of capital?
3. What are the benefits of GSO? Explain steps in GSO mechanism.
4. What do you mean by bookbuilding? What are the steps in book building? advantages?
5. Explain the role of intermediaries in the New Issue Market.
6. Explain the various innovative debt instruments in the New Issue Market.

Module -3

1. What do you mean by Secondary Market?
2. What do you mean by a Stock Exchange?
3. What do you mean by Listing of Securities?
4. Give a note on BSE
5. Who is a jobber?
6. Who is a broker?
7. Who are tarawaniwalas?
8. Who are remisers?
9. Who are authorised clerks?
10. Who is a Depository?
11. Define a Depository.
12. What do you mean by Rolling Settlement?
13. What do you mean by mark to market system?
14. What do you mean by a Stock Market Index?
15. What is SENSEX?
16. What is NIFTY?
17. What do you mean by Speculation?
18. Who is a bull?
19. Who is a stag?
20. What do you mean by bear raid?
21. Who is a bear?
22. Who is a lame duck?
23. What do you mean by wash sales?
24. What is cornering?
25. What is arbitrage?
26. What do you mean by rigging the market?
27. What do you mean by blank transfer?
28. What do you mean by Double Option?
29. What is margin trading?
30. What do you mean by badla transaction?
31. What do you mean by ready delivery contract?
32. Define insider trading.
33. What do you mean by unpublished price sensitive information?
34. What do you mean by private equity?

Short Essay Questions (5 marks each)

1. What are the features of stock exchanges?
2. What are the conditions for listing of shares?
3. What are the major objectives of BSE?
4. What are the objectives of NSEI?
5. What are the steps involved in executing trade on an online trading system?
6. What are the activities of a depository?

- 7 Who is a depository participant?
8. What are the functions of NSDL
- 9 Define MTM What are its objectives?
10. Define stock market index Explain the use of stock market indices.
11. What are the different methods for computing stock indices?
- 12 What are the differences between speculation and investment?
- 13 Differentiate speculator from investor
- 14 Who are the different kinds of speculators?
15. What do you mean by foreign portfolio investment?
16. What are the features of private equity?

Essay Questions (15 marks each)

1. What do you mean by a Stock Exchange? What are the functions of Stock Exchange
- 2 Explain the procedure for listing of securities
3. What are the advantages and disadvantages of listing of securities?
4. Explain the objectives and features of National Stock Exchange of India"
5. Who is a stock broker? How can a person become a stock broker?
6. What are the different methods of trading in a stock exchange?
7. Give a brief account of depository process.
- 8 What are the benefits of depository system?
9. Explain the criteria for the selection of securities for computing the stock index.
10. Explain the causes for fluctuation in stock market indices?
- 11 Explain the different types of speculative transactions in stock exchanges?

Module-4

Short Answer Questions (2 marks each)

1. What do you mean by a mutual fund?
2. Define mutual fund
3. What do you mean by open ended scheme?
4. What do you mean by close ended scheme?
5. What do you mean by income scheme?
6. What do you mean by growth scheme?
7. What do you mean by equity oriented scheme?
8. What is equity linked income scheme? 9. What do you mean by mid-cap fund?
10. What is index fund?
11. What do you mean by ELSS?
12. What do you mean by gilt schemes?
13. What do you mean by Hybrid fund?
14. What do you mean by MMMF?
15. What do you mean by ETF?
16. What do you mean by Exchange Traded Mutual Fund?
17. Who is a sponsor?
18. Who is a trustee?
19. What do you mean by AMFI?
20. What do you mean by ARN?

Short Essay Questions (5 marks each)

1. What are the features of open ended mutual fund schemes?
2. What are the features of close ended mutual fund schemes?

3. Differentiate growth scheme from income scheme.
4. What are the advantages and damages of ETF
5. What do you mean by Association of Mutual funds in India? What are its objectives

Essay Questions 15 marks each

1. What are the objectives and characteristics of mutual funds?
2. What are the ages of mutual fund schemes in India?
3. Expenditure of mutual funds in India
4. What are the merits and demerits of mutual fund investments?

Module-5

Short Answer Questions (2 marks each)

1. What do you mean by a derivative?
2. Define derivative.
3. What do you mean by commodity derivatives?
4. What do you mean by financial derivatives?
5. What is a forward contract?
6. What is FRA?
7. What do you mean by future contract?
8. What do you mean by option?
9. What do you mean by strike price?
10. What do you mean by 'spread'?
11. What do you mean by LEAPS?
12. What is a swap?
13. What do you mean by swaptions?
14. Define the term commodity.
15. Define commodity market.
16. What do you mean by NMCE?
17. What do you mean by MCX?
18. What do you mean by over the counter trading?
19. What do you mean by ICEX?

Short Essay Questions (5 marks each)

1. What are the uses of derivatives?
2. What are the characteristics of derivatives?
3. Who are the major participants in the derivative market?
4. What are the different types of derivatives?
5. What are the different types of futures?
6. Define option? What are the features of option?
7. What are the advantages of option trading?
8. What are the risks involved in derivatives?

Essay Question (15 Marks each)

1. What are derivatives? Explain the merits and demerits.
2. What do you mean by forwards? What are the features of forward contract?
3. What are the objectives and features of future contracts?
4. Explain the different types of options.
5. Differentiate futures from forwards.
6. Explain the functioning of major commodity exchanges in India.

