

## MCQ

**1 Who controls the capital market in India?**

(A) SEBI

(B) RBI

(C) IRDA

(D) NABARD

**Answer A**

**Explanation:** Capital market in India is an important part of the financial system. The Indian Securities and Exchange Board (SEBI) regulates the capital market in India.

**2 Which of the following reasons is not responsible for the ups and downs in the Sensex?**

(A) Rain

(B) Monetary policy

(C) Political instability

(D) None of the following

**Answer D**

**Explanation:** None of the following because every factor given in the option is attributed for ups and downs in the SENSEX.

**3 How many companies are included in the **SENSEX of India?****

(A) 30

(B) 50

(C) 111

(D) 25

**Answer A**

**Explanation:** The index of the Bombay Stock Exchange counts the fluctuation in the share prices of 30 companies.

**4 Which of the following is not a credit rating agency?**

(A) CRISIL

(B) ICRA

(C) NIKKEI

(D) CARE

**Answer C**

**Explanation:** NIKKEI is stock exchange of Japan.

**5. Which of the following TERM does not belong to the stock exchange?**

(A) NAV

(B) NSE

(C) IPO

(D) KPO

**Answer D**

**Explanation:** The KPO's full form is Knowledge Process Outsourcing. There is no direct link to the stock market.

6 Which of the following might be a reason for a stock market to lose value suddenly?

**A** A big company going bankrupt

**B** Fear of a global recession

**C** A terrorist attack

**D All of these**

7 What is SP-500?

**A** A crop of wheat

**B** The name of Mumbai-based office of SEBI

**C A stock exchange of USA**

**D** A scheme announced by the Government of India

8 Which of the following words does not belong to the stock exchange?

**A KPO**

**B NAV**

**C NSE**

**D IPO**

9 Which of the following cities does NOT have a formal stock exchange?

**A Frankfurt**

**B London**

**C Monte Carlo**

**D Hong Kong**

10 Which term most accurately describes selling shares at a higher price than the price at which they were bought?

**A Loss**

**B Profit**

**C Asset**

**D Dividend**

11 Which of the following are you unlikely to find traded officially on world stock markets?

**A Foreign Currency**

**B Insults**

**C Company stock/shares**

**D Gold**

12 The FTSE 100 index is used to measure stock market performance in which country?

**A France**

**B Germany**

**C Finland**

**D United Kingdom**

13 How many companies are included in the SENSEX?

**A** 50

**B** 111

**C** 30

**D** None

14 Which of the following is responsible for the fluctuations in the Sensex?

**A** Political instability

**B** Monetary policy

**C** Rain

**D All of the above**

15 When was Nifty established?

**A** 1996

**B** 1952

**C** 1965

**D** None of these

16 Which of the following might you see roaming a stock market?

**A** Goats

**B** Bulls

**C** Cows

**D** Mice

17 India Index Services & Products Limited (IISL) is a joint venture between two entities-

**A** NSE and CRISIL Ltd.

**B** BSE and CARE Ltd.

**C** BSE and CRISIL Ltd.

**D** NSE and ICRA Ltd.

18 A contract between a buyer and a seller entered into today regarding a transaction to be fulfilled at a future point in time is called

**A** Fixed contract

**B Derivative contract**

**C** Forward contract

**D** Future contract

19 Over the life of the derivative contract, the value of the derivative

**A fluctuates with the price of the so-called “underlying” of the contract**

**B** decreases

**C** increases

**D** None of these

20 In India, NIFTY and SENSEX are calculated on the basis of

A.Market Capitalization

B.Paid up Capital

C.Free-float Capitalization

D.Authorized Share Capital

21 The first computerised online stock exchange in India was

A.NSE

B.OTCEI

C.BSE

D.MCX

22 Which of the following derivative is not traded on Indian Stock Market?

A.Index Options

B.Stock Futures

C.Index Futures

## **D.Forward Rate Agreements**

**23 Spot exchange rate is the rate of exchange between two currencies**

**A.for immediate delivery**

**B.for future delivery**

**C.for delivery at a particular spot in future**

**D.None of the above**

**24 Break-even of a Put option occurs when spot price is equal to**

**A.Strike price + Premium**

**B.Strike Price - Premium**

**C.Premium**

**D.None of the above**

**25 Before expiry date, the time value of a call option is**

**A.Strike Price - Spot Price**

**B.Spot Price - Strike Price**

**C.Market Premium - Intrinsic Value**

**D.Intrinsic Value**

**26 If Strike price is more than the spot price of the asset, the call option is known as**

**A.American Option**

**B.European Option**

**C.Out of Money Option**

**D.**In the Money Option

**27 Which of the following is not available in India?**

**A.**Index Options

**B.**Index Futures

**C.**Commodity Options

**D.**Commodity Futures

**28 Mr. X has to pay Rs 5,00,000 in three months time for the imports made by him. Correct hedging policy for him would be to**

**A.**Buy a Rs Call Option

**B.**Sell a Rs Call Option

**C.**Buy a Rs Put Option

**D.**Sell a Rs Put Option

**29 Which of the following is true for mutual funds in India?**

**A.**Exit load is not allowed

**B.**Entry load is allowed

**C.**Entry load is not allowed

**D.**Exit load allowed in some cases

**30 If the spot rate of \$ in Mumbai is Rs. 45.50 and 1 month forward rate is Rs. 45.65, then which is correct for forward market?**

**A.**That \$ is at premium

**B.**That \$ is at discount

**C.**Rupee is at premium

D.None of the above

**31 Forward exchange rate is the rate of exchange between two currencies**

A.prevailing today for future delivery

B.would prevail at a future date

C.prevailing today for immediate delivery

D.None of the above

**32 Which of the following is the benefit of Depositories?**

A.Reduction in the share transfer time to the buyer

B.Reduced Risk of stolen, fake, forged shares

C.No Stamp duty on transfer of shares in dematerialized form

D.All of the above

**33 Which of the following is working as demutualized stock exchange since from beginning?**

A.NSE

B.BSE

C.DSE

D.All of the above

**34 In primary markets, the property of shares which made it easy to sell newly issued security is considered as**

**A. increased liquidity**

B. decreased liquidity

C. money flow

D. large funds



35 The money market where debt and stocks are traded and maturity period is more than a year is classified as

- A. shorter term markets
- B. capital markets**
- C. counter markets
- D. long-term markets

36 The type of market in which securities with less than one year maturity are traded, is classified as

- A. money market**
- B. capital market
- C. transaction market
- D. global market

37 In capital markets, the major suppliers of trading instruments are

- A. government and corporations**
- B. liquid corporations
- C. instrumental corporations
- D. manufacturing corporations

38: The markets in which transactions are done through computers and telephone without any specific location are classified as

- A. past counter market
- B. future counter market
- C. over the counter markets**
- D. capital counter market

39: The markets in which new securities are issued by the corporations to raise funds are called

- A. primary markets**
- B. secondary markets

- C. Gross markets
- D. proceeds markets

**40** The price of underlying asset is added into intrinsic value of option to calculate

- A. forward price of option
- B. exercise price of option**
- C. book value of option
- D. spot price of option

**41** The type of exchange members who only buy and sell for their personal account are classified as

- A. non-investment traders
- B. professional traders**
- C. commercial traders
- D. investment traders

**42** The financial institutions having loans swapped for bonds can sell all the bonds in

- A. under-developed markets
- B. developed markets
- C. primary markets
- D. secondary markets**

**43** The Securities and Exchange Board of India was not entrusted with the function of

- A. Investor protection
- B. Ensuring fair practices by companies
- C. Promotion of efficient services by brokers
- D. Improving the earning of equity holders**

44 To regulate scam in Indian capital market, which of the following body has regulatory power:

- a) **SEBI**
- b) RBI
- c) SBI
- d) None of these Ans: A

**45 Which trading individuals has SEBI decided to grant a unified license to operate in commodity derivative and equity markets?**

- a. Clearing Members
- b. Brokers**
- c. NBFCs
- d. Only a and b**
- e. All the above

**46) What is the latest amendment to the FPI regulations by capital and commodities market regulator SEBI?**

- a. Barring Indians, NRIs and entities beneficially owned by NRIs from trading
- b. Barring Indians, NRIs, and entities beneficially owned by NRIs from being owners of participatory notes**
- c. Barring Indians and NRIs from FDI in India
- d. None of the above

**47 SEBI has allowed celebs to endorse which products?**

- a. Stocks and shares
- b. Mutual funds**
- c. Dividends
- d. Insurance

**48 SEBI announced plans to tighten regulations for which type of trading?**

- a. Spot trading
- b. Investor trading
- c. Algorithmic trading**
- d. None of the above

**ANSWER: Algorithmic trading**

**Explanation:**

The Securities and Exchange Board of India (SEBI) plans to further tighten the regulations for algorithmic trading. This aims to minimise instances of misuse of such systems that can be used to execute complex trading strategies at a very high speed.

**49 Which financial body has asked intermediaries and companies to make regulatory payments in digital mode?**

- a. SEBI**
- b. RBI
- c. NSE
- d. BSE

**50 SEBI has relaxed investment rules for which funds?**

- a. Angel Funds**
- b. Mutual Funds
- c. Debt Funds
- d. None of the above

**ANSWER: Angel Funds**

**Explanation:**

For boosting startup funding, SEBI has relaxed rules for investment by angel funds, permitting them to invest in up to 5-year-old entities.

The lock-in requirement has been reduced from three to one year for angel funds and their minimum investment threshold has been

slashed to INR 25 lakh.

**51) SEBI has proposed a set of changes to relax rules and rename the institutional trading platform as what?**

- a. High Tech Start Up & Other New Business Platform**
- b. High Tech Incubation & Other New Business Platform**
- c. High Tech Innovation % Other New Business Platform**
- d. None of the above**

**ANSWER: High Tech Start Up & Other New Business Platform**

**Explanation:**

The Securities and Exchange Board of India has proposed considerable changes for startup listing platform to enhance its appeal for new age firms going public in local markets.

- Regulator indicated that based on feedback received from market participants, the decision has been taken to relax rules and rename the institutional trading platform as High Tech Start Up & Other New Business Platform.
- The proposal has been to eliminate the rule which says no single shareholder shall own more than 25 percent after listing, which many promoters were not comfortable with and has increased the allocation of shares more for HNIs and corporates.
- Earlier only 25 percent was reserved for HNIs and corporates.
- The hike in the limit on share allotment to individual institutional investors has gone up from 10 to 25 percent.
- Regulator also proposed to permit market making compulsory for at least three years for IPO of less than INR 100 crore.
- There is no provision mandates market making currently. Under the current rules, startups can also list on the separate institutional trading platforms of stock exchanges.

- Platform has not attracted a single start up for listing so far.
- SEBI has now eased the rules.
- Regulator has also proposed lock in for pre-issue shares held by venture capitalists and employees under the ESOP scheme for six months following the IPO
- Proposal has also been made to lower minimum trading lot from 10 to 5 lakh.

**52) Entities under probe for serious violation in which market can seek settlement of the case if they make good on losses suffered by investors to SEBI's satisfaction?**

- a. Share Market
- b. Stock market
- c. Capital market**
- d. Money market

**Explanation:**

Entities under probe for “serious violations” in capital markets can seek settlement of case only if they make good on their losses suffered by investors as per the consent of SEBI.

- Regulations provide settlement of cases where proceedings have not been initiated

Regulations provide for settlement of cases where proceedings are yet to be initiated

**53 An anchor investor is one of the following:**

- a. Non-qualified institutional buyer making application for value of INR 10 crore or more through book-building process
- b. Qualified Institutional buyer making application for value of INR 10 crore or more through book-building process**
- c. Preferential Institutional Buyer making application for value of INR 10

crore or more through book-building process

d. None of the above

**ANSWER: Qualified Institutional buyer making application for value of INR 10 crore or more through book-building process**

**Explanation:**

SEBI introduced the concept of anchor investors in public issues in 2009. This move was to impact pricing of IPOs. Anchor investors benefit IPOs as equity markets are volatile. Anchor investors attract investors to public offers before hitting capital markets to infuse confidence. Value and volume of anchor subscriptions are an indicator of the soundness of the firm's offer. This also sets a benchmark and provides for guidelines for issue pricing and interest among QIBs

**54) What recent changes have been made by SEBI to norms for public offers through removal of restriction on maximum number of anchor investors on 12th September 2015?**

a. Present regulation limit of number of anchor investors at 15 if public size issue is below INR 250 crore, can be increased to 25 if issue size is over 250 crore

b. Present regulation limit of number of anchor investors at 16 if public size issue is below INR 250 crore, can be increased to 26 if issue size is over 250 crore

c. Present regulation limit of number of anchor investors at 17 if public size issue is below INR 250 crore, can be increased to 27 if issue size is over 250 crore

d. Present regulation limit of number of anchor investors at 18 if public size issue is below INR 250 crore, can be increased to 28 if issue size is over 250 crore

**ANSWER: Present regulation limit of number of anchor investors at 15 if public size issue is below INR 250 crore, can be increased to 25 if issue size is over 250 crore**

**Explanation:**

SEBI has notified relaxed norms for public offers through removal of restriction on maximum number of anchor investors with the aim of raising funds via primary markets. For every additional allocation of INR 250 crore above the base INR 250 crore, there will be 10

additional investors for every increase, subject to minimum allotment of INR 5 crore per anchor investor.

In case of allocation above Rs.250 crore, a minimum of 5 such investors and a maximum of 15 such investors for allocation up to Rs.250 crore and an additional 10 such investors for every additional Rs.250 crore or part thereof, shall be permitted, subject to the minimum allotment

**55) Who cancelled Sahara Mutual Fund license on 28th July'15?**

- a. Supreme Court
- b. SEBI**
- c. BSE
- d. CRISIL

**56) When was SEBI constituted?**

- (a) April, 1988
- (b) March, 1982
- (c) July, 1992
- (d) Dec. 1974

**Ans. A**

**57. Which of the following statement is NOT correct about the SEBI?**

- (a) At present it is a non statutory body
- (b) At present it is a statutory body
- (c) It got statutory powers by an ordinance in 1992
- (d) SEBI is managed by 6 members

**Ans. a**



**58. Which of the following words does not belong to the stock exchange?**

- (a) NAV
- (b) NSE
- (c) IPO
- (d) KPO

**Answer d**

**59) How many companies are included in the SENSEX?**

- (a) 30
- (b) 50
- (c) 111
- (d) 25

**Answer a**

**60. Which of the following is responsible for the fluctuations in the SENSEX?**

- (a) Rain
- (b) Monetary policy
- (c) Political instability
- (d) All of the above

**Answer d**

**Explanation:** SENSEX fluctuates due to very small reasons. That is why it is known as sensitive index as well. SENSEX fluctuates due to forecasting of good weather, any political decision by the central government and any change in the government policy.

**61. Which of the following statements is correct?**

- (a) FTSE-100 is a stock exchange of London, which monitors European market activities
- (b) Nikkei is related to Singapore Stock Exchange
- (c) MIDDEX belongs to Japan
- (d) BSE does not belong to SENSEX

**Answer a**

**Explanation:** FTSE-100 is a stock exchange of London, which monitors the activities of the European security market.

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- (a) Rain
- (b) Monetary policy
- (c) Political instability
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**Answer a**

**Explanation:** FTSE-100 is a stock exchange of London, which monitors the activities of the European security market.

**64 Which of the following is not function of SEBI?**

- (A) Protecting the interests of investors
- (B) Registration of share brokers
- (C) Change in the cash Reserve Ratio
- (D) Allow Foreign Institutional Investors (FII) to invest in the securities market.

**Answer D**

**Explanation:** Making a change in Cash Reserve Ratio is the function of the Reserve Bank of India.

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