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Test Series

Self-Made Assignment - Advance Accounting

Financial Market and Functions of Financial Market

Multiple Choice Questions.

- 1) What is the primary function of a financial market?  
A. Tax collection  
B. Mobilization of savings  
C. Production of goods
- 2) Financial markets facilitate the transfer of funds from:  
A. Government to banks  
B. Deficit units to surplus units  
C. Consumers to producers
- 3) Which of the following is a major segment of the financial market?  
A. Labor market  
B. Real estate market  
C. Capital market
- 4) The money market deals with:  
A. Short-term funds  
B. Long-term funds  
C. Foreign currency only
- 5) Capital markets are used for:  
A. Short-term borrowing  
B. Issuing currency  
C. Long-term investment
- 6) Which of the following is an example of a capital market instrument?  
A. Treasury Bill  
B. Equity Share  
C. Certificate of Deposit
- 7) Which institution regulates the capital market in India?  
A. RBI  
B. SEBI  
C. NABARD
- 8) Which financial market helps in price discovery of securities?  
A. Commodity market  
B. Capital market  
C. Credit market

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- 9) One of the key roles of financial markets is:
- A. Manufacturing products
  - B. Creating jobs directly
  - C. Facilitating liquidity
- 10) The primary market is concerned with:
- A. Trading of existing securities
  - B. Issuing new securities
  - C. Currency exchange
- 11) The secondary market is also known as:
- A. Money market
  - B. New issues market
  - C. Stock exchange
- 12) Which of the following is not a function of a financial market?
- A. Providing liquidity
  - B. Facilitating risk management
  - C. Manufacturing goods
- 13) Which type of financial market deals with currencies?
- A. Capital market
  - B. Foreign exchange market
  - C. Derivatives market
- 14) Who are the key participants in a financial market?
- A. Farmers and laborers
  - B. Investors and borrowers
  - C. Manufacturers and retailers
- 15) Which is a benefit of financial markets to investors?
- A. Tax exemption
  - B. Guaranteed profits
  - C. Liquidity and price transparency

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