



### **Daily Subject wise Quiz Day 60 Economy X ( Online Prelims Test)**

1) Consider the following statements with respect to Securities and Exchange Board of India (SEBI)

1. It protect the Interest of Investors in securities and to promote and regulate the securities market.
2. The chairman of SEBI is nominated by the Union Government of India and officers from the Union Finance Ministry are members of SEBI.

Which of the above statements is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : c

### **Securities and Exchange Board of India (SEBI)**

- It was established in 1988 as a non-statutory body to regulate the securities market
- It monitors and regulates the Indian capital and securities market by framing rules and guidelines, protecting the interests of investors
- The SEBI is managed by its members which consists of the following

1. The chairman is nominated by the union government of India
2. Two members i.e. officers from the union finance Ministry
3. One member from the RBI
4. The remaining five members are nominated by the Government of India, out of them at least three shall be whole time members

2) Which of the following are correct about Commercial Paper (CP) ?

1. It is an unsecured loan raised by firms in money markets through instruments issued in the form of a promissory note.
2. It can be issued only by All-India Financial Institutions (FIs).

Select the correct answers using the codes given below

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : a

## Commercial Paper (CP)

- A Commercial Paper (CP) is an unsecured loan raised by firms in money markets through instruments issued in the form of a promissory note.
- It was introduced in India in 1990.
- Corporates, primary dealers (PDs) and the All-India Financial Institutions (FIs) are eligible to issue CP.
- Individuals, banking companies, other corporate bodies (registered or incorporated in India) and unincorporated bodies, non-resident Indians (NRIs) and foreign institutional investors (FIIs), etc can invest in CPs.
- Investment by FIIs would be within the limits set for them by the Securities and Exchange Board of India (SEBI) from time-to-time.

3) Which of the following are correct about fixed overhead costs

1. It do not vary with output, it is easy to predict and they do not change substantially.
2. Materials handling wages and Shipping of the product are examples of Fixed overhead costs.

Select the correct answers using the codes given below

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : a

### Fixed overhead costs



SHANKAR  
IAS PARLIAMENT  
*Information is Empowering*

- Fixed overhead costs are costs that do not vary with output.
- Fixed overhead costs are needed in order to operate a business.
- Fixed overhead costs are easy to predict and they do not change substantially.
- Examples of fixed overhead costs are:

1. Utilities.
2. Taxes.
3. Insurance.
4. Depreciation on production equipment.
5. Rent.
6. Administrative salaries.
7. Additional Information

4) Which of the following are correct about Certificate of Deposits?

1. It is issued in a dematerialized form or as a Promissory Note, for funds deposited at a bank.
2. Select pan India financial institutions that have been permitted by RBI to raise such loan.

Select the correct answers using the codes given below

- a. 1 only
- b. 2 only
- c. Both 1 and 2

d. Neither 1 nor 2

Answer : c

## Certificate of Deposits

- Negotiable money market instrument and is issued in a dematerialized form or as a Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period.
- It can be issued by
  1. Scheduled commercial banks.
  2. Select pan India financial institutions that have been permitted by RBI to raise such loan.

5) Consider the following statements with respect to Financial Market

1. Market dealing with the exchange of liquid assets (money) is called a financial market.
2. In a foreign exchange market, one party exchanges one country's currency with an equivalent quantity of another currency.

Which of the above statements is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : c



SHANKAR  
IAS PARLIAMENT  
*Information is Empowering*

## Financial Market

- Financial Market - Market dealing with the exchange of liquid assets (money) is called a financial market.
- Financial markets are of the following types.
  1. Stock Market - A form of market where sellers and buyers exchange shares is called a stock market.
  2. Bond Market - A marketplace where buyers and sellers are engaged in the exchange of debt securities, usually in the form of bonds is called a bond market. A bond is a contract signed by both parties where one party promises to return the money with interest at fixed intervals.
  3. Foreign Exchange Market - In such type of market, parties are involved in the trading of currency. In a foreign exchange market (also called a currency market), one party exchanges one country's currency with an equivalent quantity of another currency.
  4. Predictive Markets - Predictive market is a setup where the exchange of goods or services takes place for the future. The buyer benefits when the market goes up and is at a loss when the market crashes.