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Test Series

Self-Made Assignment - Advance Accounting

Money Market and Instruments

Multiple Choice Questions.

1. Which of the following is a primary function of the money market?
A. Long-term lending
B. Short-term borrowing and lending
C. Issuing equity shares
2. Money market deals in which type of instruments?
A. Equity shares
B. Derivatives
C. Short-term debt instruments
3. Which is a key participant in the money market?
A. Real estate developers
B. Commercial banks
C. Retail investors
4. Treasury bills are issued by:
A. Central government
B. State government
C. Private companies
5. Which of the following is a money market instrument?
A. Debenture
B. Certificate of Deposit (CD)
C. Equity share
6. The money market is helpful for:
A. Capital formation
B. Managing short-term liquidity
C. Long-term investment
7. The maturity period of money market instruments is usually:
A. More than 1 year
B. 1 to 5 years
C. Less than 1 year
8. Which of the following is not a function of the money market?
A. Facilitating long-term investments
B. Providing short-term funds
C. Maintaining liquidity in the economy

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9. Which of the following institutions regulates the Indian money market?
A. SEBI
B. RBI
C. IRDAI
10. Money market instruments are considered to be:
A. High risk, high return
B. Low risk, low return
C. High risk, low return
11. One of the major purposes of the money market is to:
A. Promote stock exchange activities
B. Provide short-term liquidity to financial institutions
C. Offer loans to individuals
12. Who can issue a certificate of deposit (CD)?
A. RBI only
B. Scheduled commercial banks
C. Insurance companies
13. Which of the following is not a feature of the money market?
A. High liquidity
B. Long-term capital formation
C. Short maturity instruments
14. Repo rate in the money market refers to:
A. Rate at which banks borrow from RBI
B. Rate at which banks lend to customers
C. Rate of fixed deposits
15. Which of the following is not a characteristic of money market instruments?
A. High liquidity
B. Long-term maturity
C. Low default risk

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