

# Financial Awareness

Indian Economy | Budget | Stock Market | Banking

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## Topics:

1. Indian Financial System
  2. Budget & Taxation
  3. MCQ Practice
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# 1. Indian Financial System

The Indian financial system consists of financial institutions (banks, NBFCs, insurance companies), financial markets (money market, capital market), financial instruments (shares, bonds, debentures), and financial services (banking, insurance).

**Q. What is SEBI?**

Ans: Securities and Exchange Board of India — regulates stock markets and protects investor interests. Established 1988, statutory body from 1992.

**Q. What is BSE and NSE?**

Ans: BSE = Bombay Stock Exchange (oldest in Asia, est. 1875). NSE = National Stock Exchange (est. 1992). Both are in Mumbai.

**Q. What is SENSEX?**

Ans: Sensitive Index — benchmark index of BSE. Tracks top 30 companies. Based at 1978-79 = 100.

**Q. What is NIFTY 50?**

Ans: National Stock Exchange Fifty — benchmark index of NSE. Tracks top 50 companies. Base year 1995 = 1000.

**Q. What is Mutual Fund?**

Ans: Pool of money from many investors, managed by professional fund managers and invested in stocks, bonds, etc. NAV = Net Asset Value per unit.

# 2. Union Budget Key Terms

**Q. What is Fiscal Deficit?**

Ans: Difference between government's total expenditure and total revenue (excluding borrowings). High fiscal deficit = government borrowing more = inflation risk.

**Q. What is Revenue Deficit?**

Ans: Difference between revenue expenditure and revenue receipts. Shows govt is spending more on day-to-day operations than it earns.

**Q. What is Direct Tax vs Indirect Tax?**

Ans: Direct Tax: paid directly by person (Income Tax, Corporate Tax). Indirect Tax: collected by intermediary (GST). CBDT handles direct tax, CBIC handles indirect tax.

**Q. What is GST?**

Ans: Goods and Services Tax — unified indirect tax implemented July 1, 2017. Four slabs: 5%, 12%, 18%, 28%. Managed by GST Council.

# 3. MCQ Practice

**Q. SEBI regulates:**

- (a) Banks
- (b) Insurance Companies
- (c) Stock Markets
- (d) NBFCs

**Answer: (c) Stock Markets**

**Q. GST was implemented on:**

- (a) 1 Jan 2017

(b) 1 April 2017

(c) 1 July 2017

(d) 1 Oct 2017

**Answer: (c) 1 July 2017**

**Q. SENSEX is index of:**

(a) NSE

(b) BSE

(c) RBI

(d) SEBI

**Answer: (b) BSE**

**Q. Full form of NAV in mutual funds:**

(a) Net Annual Value

(b) Net Asset Value

(c) National Asset Value

(d) New Asset Valuation

**Answer: (b) Net Asset Value**

**Q. Fiscal year in India runs from:**

(a) Jan-Dec

(b) Apr-Mar

(c) Jul-Jun

(d) Oct-Sep

**Answer: (b) Apr-Mar**