1. **Acid Test Ratio-** It measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately.

2. **Annuity-** An annuity is a contractual financial product sold by financial institutions that is designed to accept and grow funds from an individual and then, upon annuitization, pay out a stream of payments to the individual at a later point in time. A form of insurance or investment entitling the investor to a series of annual sums.

3. **Appropriation bill-** An appropriation bill or running bill or supply bill is a legislative motion (bill) that authorizes the government to spend money. It is a bill that sets money aside for specific spending. In most democracies, approval of the legislature is necessary for the government to spend money. Appropriation Bill gives power to the government to withdraw funds from the Consolidated Fund of India for meeting the expenditure during the financial year.

4. **Bank assurance -** Distribution of insurance products and insurance policies by the banks as corporate agencies.

5. **Bill Of Exchange-** A written, unconditional order by one party (the drawer) to another (the drawee) to pay a certain sum, either immediately (a sight bill) or on a fixed date (a term bill), for payment of goods and/or services received.

6. **Book keeping-** The activity or occupation of keeping records of the financial affairs of a business.

7. **Budget deficit-** A part of the fiscal deficit and it represents the borrowing requirement of the centre.

8. **CRAR(Capital to Risk Weighted Assets Ratio)-** Capital to risk weighted assets ratio is arrived at by dividing the capital of the bank with aggregated risk weighted assets for credit risk, market risk and operational risk. The higher the CRAR of a bank the better capitalized it is.

9. **Capital market-** The Capital Market is the market for securities where companies and government can raise long term fund. The Capital Market includes the stock market and the Bond Market.

10. **Capital receipts –** Capital receipt is the amount received from the sale of assets, shares and debentures. Capital receipt is of non-recurring nature.

11. **Certificates of Deposit** - A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside

from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment.

12. **Cheque Truncation**- Truncation is the process of stopping the flow of the physical cheque issued by a drawer at some point with the presenting bank en-route to the drawer bank branch. Cheque Truncation speeds up the process of collection of cheques resulting in better service to customers, reduces the scope for clearing related frauds or loss of instruments in transit, lowers the cost of collection of cheques.

13. **Collateral-** It is the money or property which is used as a guarantee that someone will repay a loan.

14. **Commercial Paper-** Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note.

15. **Core banking-** A centralized data base with online connectivity to branches through internet as well as ATM network which has been adopted by almost all major banks of the country.

16. **Consolidated fund** – It includes all revenues received by Government, loans raised and receipts from recoveries of loans granted by it.

17. **Consumer Price Index-** A consumer price index (CPI) measures changes in the price level of market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

18. **Corporate tax-** A corporate tax, also called corporation tax or company tax, is a tax on the income or capital of corporations or analogous legal entities. Many countries impose such taxes at the national level, and a similar tax may be imposed at state or local levels. The Corporate Tax Rate in India stands at 34.61 percent.

19. **Contingency fund –** It is used by the government in emergencies to meet unforeseen Expenditures that cannot wait for Parliament authorization.

20. **Credit card-** A Credit Card allows you to borrow money when you purchases. It doesn't directly debit from your bank account at the time of purchase instead you are sent a bill every month for the sum of total of your purchase. In other words this Post Paid Money Card.

21. **Credit rating**- A credit rating is an evaluation of the credit risk of a prospective debtor (an individual, a business, company or a government), predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.

22. **Current account deficit –** Excess of expenditure over receipts on current account in a country's balance of payments

23. **Current account surplus**- Excess or receipts over expenditure on current account in a country's balance of payments.

24. **Dear money-** A situation in which money or loans are very difficult to obtain in a given country.

25. **Debit Card-** It is also known as gift card. It is a type of plastic money which provides an alternative payment method for cash withdrawals through automated tailor machine and this is a prepaid ATM card

26. **Debt Consolidation-** Debt consolidation is a form of debt refinancing that entails taking out one loan to pay off many others. This commonly refers to a personal finance process of individuals addressing high consumer debt but occasionally refers to a country's fiscal approach to corporate debt or Government debt

27. **Demat accounts-** Accounts in which shares of various companies are traded in electronic form.
28. **Devaluation**- It is the reduction of the official rate at which one currency is exchanged for another

29. **Disinvestment-** The dilution or selling of the government stake (ownership) in public sector undertakings.

30. **Disposable income -** It is the personal income including transfer payment after all direct taxes have been deducted.

31. **Dividend-** A dividend is a distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. Dividends can be issued as cash payments, as shares of stock, or other property.

32. **Dividend payout ratio**- The dividend payout ratio is the amount of dividends paid to stockholders relative to the amount of total net income of a company. The amount that is not paid out individends to stockholders is held by the company for growth. The amount that is kept by the company is called retained earning

33. **Dumping**- It is the sale of a commodity on a foreign market at a price below marginal cost.

34. **EFT- ELECTRONIC FUND TRANSFER-** It refers to computer based system use to perform financial transaction electronically.

35. **Embezzlement –** It is the offence committed when someone entrusted with another's money or property illegally takes it for personal use. It is different from robbery.

36. **Exchange rate -** The rate at which the domestic currency can be converted into foreign currency and vice versa.

37. **Face value**- The value printed or depicted on a coin, banknote, postage stamp, ticket, etc., especially when less than the actual value. Face value is the nominal value or dollar value of a security stated by the issuer. For stocks, it is the original cost of the stock shown on the certificate. For bonds, it is the amount paid to the holder at maturity.

38. **Fiscal deficit-** A fiscal deficit occurs when a government's total expenditures exceed the revenue that it generates, excluding money from borrowings. Deficit differs from debt, which is an accumulation of yearly deficits.

39. **Flat rate-** Interest charged on the loan without taking into consideration that periodic payments reduce the amount loaned. It is the rate which is applicable all throughout the term of payment.

40. **Floating rate-** A floating interest rate, also known as a variable or adjustable rate, refers to any type of debt instrument, such as a loan, bond, mortgage, or credit, that does not have a fixed rate of interest over the life of the instrument.

41. **Foreign direct investment-** Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

42. **Foreign Institutional Investor-** Foreign institutional investors (FIIs) are those institutional investors which invest in the assets belonging to a different country other than that where these organizations are based.

43. **Fringe benefits -** The rewards for employment over and above the wages paid e.g. goods at a discount, subsidized meals, arrangements etc

44. **Gearing-** Gearing refers to the level of a company's debt related to its equity capital, usually expressed in percentage form. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.

45. **Gold ETF -** Gold exchange traded funds and they are the instruments that trade like shares and are backed by physical gold holdings

46. **Goodwill-** Goodwill is an intangible asset that arises as a result of the acquisition of one company by another for a premium value. The value of a company's brand name, solid customer base, good customer relations, good employee relations and any patents or proprietary technology represent goodwill. Goodwill is considered an intangible asset because it is not a physical asset like buildings or equipment. The goodwill account can be found in the assets portion of a company's balance sheet.

47. **GDP-** The Gross Domestic Product or GDP is a measure of all of the services and goods produced in a country over a specific period; classically a year.

48. **GNP-** Gross National Product is measured as GDP plus income of residents from investments made abroad minus income earned by foreigners in domestic market.

49. **Hedge funds-** A hedge fund is an investment fund that pools capital from accredited individuals or institutional investors and invests in a variety of assets, often with complex portfolio-construction and risk-management techniques. It is administered by a professional investment management firm, and often structured as a limited partnership, limited liability company, or similar vehicle. Hedge funds are generally distinct from mutual funds as their use of leverage is not capped by regulators and distinct from private equity funds as the majority of hedge funds invest in relatively liquid assets. The name hedge fund originated from the paired long and short positions that the first of these funds used to hedge market risk. Over time, the types and nature of the hedging concepts expanded, as did the different types of investment vehicles. Today, hedge funds engage in a diverse range of markets and strategies and employ a wide variety of financial instruments and risk management techniques

50. **Indemnity-** An indemnity is an obligation by a person (indemnitor) to provide compensation for a particular loss suffered by another person (indemnitee). Indemnity is compensation for damages or loss. Indemnity in the legal sense may also refer to an exemption from liability for damages. The concept of indemnity is based on a contractual agreement made between two parties, in which one party agrees to pay for potential losses or damages caused by the other party.

51. **Irredeemable stocks**- Bonds where interest is paid to lenders, but the principal (original amount borrowed) will not be paid back: If interest rates and inflation are high and likely to fall, then irredeemable stock should be reasonably safe.

52. **Kiosk Banking-** It is self-service solutions, allowing customers to service themselves with computer based touch screen and making different sort of transactions.

53. **KYC (KNOW YOUR CUSTOMER)-** KYC is a term commonly used for customer identification process or these are the guidelines issued by the RBI and SEBI for financial institutions. The intention behind the KYC is to check the money laundering. For the mutual funds MIN (Mutual Fund Identification Number) is the tool of KYC. For Demat Account Pan Card is essential and for band account-
    - Residential Proof
    - Identity Proof

54. **Limited Liability-** Limited liability is where a person's financial liability is limited to a fixed sum, most commonly the value of a person's investment in a company or partnership. If a company with limited liability is sued, then the claimants are suing the company, not its owners or investors.

55. **Liquidity adjustment facility-** Liquidity adjustment facility (LAF) is a monetary policy tool which allows banks to borrow money through repurchase agreements. LAF is used to aid banks in adjusting the day to day mismatches illiquidity. LAF consists of repo and reverse repo operations.

56. **Long term loans-** When the repayment period is more than 84 months.

57. **MICR: Magnetic Ink Character Recognition-** It is a 9 digit number printed on banking instruments such as a cheque or a demand draft using a special type of ink made of magnetic material. The first 3 digits denote the city, the 4th to 6th digits denote the bank, while the last 3 digits denote the branch number. The code can be read by a machine, minimising the chances of error in clearing of cheques, thereby making funds transfer faster.

58. **Margin-** Margin is the difference between a product or service's selling price and its cost of production or to the ratio between a company's revenues and expenses. It also refers to the amount of equity contributed by an investor as a percentage of the current market value of securities held in a margin account.

59. **Marginal Call-** A margin call is a brokerage firm's demand that a margin-account client deposit securities or cash into their account in order to bring the account balance up to the minimum maintenance margin requirement.

60. **Medium term loans-** When the repayment period is between 37 to 84 months.

61. **Money market instruments-** The short-term debts and securities sold on the money markets—which are known as money market instruments—have maturities ranging from one day to one year and are extremely liquid. Treasury bills, federal agency notes, certificates of deposit (CDs), Eurodollar deposits, commercial paper, bankers'

acceptances, and repurchase agreements are examples of instruments. The suppliers of funds for money market instruments are institutions and individuals with a preference for the highest liquidity and the lowest risk

62. **Moratorium-** A moratorium period is a time during the loan term when the borrower is not required to make any repayment. It is a waiting period before which repayment by way of EMIs begins. Normally, the repayment begins after the loan is disbursed and the payments have to be made each month.
63. **Mortgage**- It is a security on immovable property for a deposit received by a bank.
64. **Mutual Funds**- A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. While there is no legal definition of the term "mutual fund", it is most commonly applied to open-end investment companies, which are collective investment vehicles that are regulated and sold to the general public on a daily basis. They are sometimes referred to as "investment companies" or "registered investment companies". Hedge funds are not mutual funds, primarily because they cannot be sold to the general public.

65. **Narrow banking-** It is a system of banking under which a bank places its funds only in 100 percent risk free assets with maturity matching for its liabilities.

66. **National debt-** Total outstanding borrowings of a central government comprising internal (owing to national creditors) and external (owing to foreign creditors) debt incurred in financing its expenditure.
    In India, public debt refers to a part of the total borrowings by the Union Government which includes such items as market loans, special bearer bonds, treasury bills and special loans and securities issued by the Reserve Bank. It also includes the outstanding external debt.

67. **National Electronic Funds Transfer (NEFT)-** It is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme.

68. **Net Assets Value-** Net Present Value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows. NPV is used in capital budgeting to analyze the profitability of a projected investment or project.

69. **Net Present Value-** Net Present Value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows. NPV is used in capital budgeting to analyze the profitability of a projected investment or project.
70. **Netizen -** A new term coined by linking the terms - internet and citizen. In the modern age of information technology, any citizen who regularly uses the internet can be called as a netizen**.**

71. **Non Performing Assets (NPA)-** An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank

72. **Overdraft-** An overdraft is an extension of credit from a lending institution when an account reaches zero. An overdraft allows the individual to continue withdrawing money even if the account has no funds in it or not enough to cover the withdrawal. Basically, overdraft means that the bank allows customers to borrow a set amount of money.

73. **Participatory Notes-** These are derivative instruments, used by Foreign Institutional Investors (FIIs) who are not registered with SEBI. These are mostly used by overseas HNIs (High Net worth Individuals), hedge funds and other foreign institutions, allow them to invest in Indian markets through registered Foreign Institutional Investors (FIIs), while saving on time and costs associated with direct registrations. Foreign institutions, allow them to invest in Indian markets through registered Foreign Institutional Investors (FIIs), while saving on time and costs associated with direct registrations.

74. **Per capita income-** The total income of a group divided by the number of people in the group

75. **Plagiarism-** The act of illegally copying and using another person's writings, ideas, Inventories etc., and presenting it as one's own.

76. **Ponzi Schemes-** A form of fraud in which belief in the success of a non-existent enterprise is fostered by the payment of quick returns to the first investors from money invested by later investors.

77. **Portfolio-** The collection of securities held by an investor**.**

78. **Prime Lending Rate ( PLR)-** Prime rate or prime lending rate is a term applied in many countries to reference an interest rate used by banks. The term originally indicated the interest rate at which banks lent to favored customers—i.e., those with good credit—but this is no longer always the case

79. **Progressive tax structure-** A tax structure in which the marginal tax rate increases as the level of income increases.

80. **Real Time Gross Settlement (RTGS)-** It be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). The minimum amount to be remitted through RTGS is ` 2 lakh. There is no upper ceiling for RTGS transactions.

81. **Redemption-** A redemption is the return of an investor's principal in a fixed-income security, such as a preferred stock or bond, or the sale of units in a mutual fund.

**82.** **Revenue receipt-** It is an amount which is received from the regular transaction of a business. It is the amount received from the sale of goods and services. It is the main source of income. It is a regular type of income. It is shown on the credit side of the trading account and profit and loss account.

**83.** **Rights issue-** A rights offering (issue) is an issue of rights to a company's existing shareholders that entitles them to buy additional shares directly from the company in proportion to their existing holdings, within a fixed time period. In a rights offering, the subscription price at which each share may be purchased is generally at a discount to the current market price. Rights are often transferable, allowing the holder to sell them on the open market.

84. **Risk Free return**- The risk-free rate of return is the theoretical rate of return of an investment with zero risk. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time. In theory, the risk-free rate is the minimum return an investor expects for any investment because he will not accept additional risk unless the potential rate of return is greater than the risk-free rate.In practice, however, the risk-free rate does not exist because even the safest investments carry a very small amount of risk.
85. **Scheduled commercial banks-** The scheduled commercial banks are those banks which are included in the second schedule of RBI Act 1934 and which carry out the normal business of banking such as accepting deposits, giving out loans and other banking services.

86. **SDR (Special Drawing Rights)-** SDR are new form of International reserve assets, created by the International Monetary Fund in 1967. The value of SDR is based on the portfolio of widely used countries and they are maintained as accounting entries and not as hard currency or physical assets like Gold.

87. **Short term loan-** When the repayment period of any loan is upto 36 months.

88. **Short Selling-** Short selling is the sale of a security that is not owned by the seller, or that the seller has borrowed. Short selling is motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit.

89. **Soft loan** - A loan bearing either no rate of interest or an interest rate which is below the true cost of the capital lent.

90. **Stagflation-** A condition of slow economic growth and relatively high unemployment – economic stagnation – accompanied by rising prices, or inflation, or inflation and a decline in Gross Domestic Product (GDP). Stagflation is an economic problem defined in equal parts by its rarity and by the lack of consensus among academics on how exactly it comes to pass .

91. **Stale cheque**- A cheque which has completed the stipulated validity period of the cheque (three months).

92. **Swift**- Society for Worldwide Interbank Financial Telecommunication code. An internationally recognized identification code for banks around the world. SWIFT codes are most commonly used for international wire transfers and are comprised of 8 or 11 alphanumeric characters.

93. **Treasury Bills-** These are government bonds or debt securities with maturity of less than a year. T- bills are issued to meet short-term mismatches in receipts and expenditure. Bonds of longer maturity are called dated securities

94. **Underwriters-** It is a company, usually an investment bank, that helps companies introduce their new securities to the market.

**95. Universal banking**- Universal banking is a banking system in which banks provide a wide variety of financial services, including commercial and investment services. Universal banking is common in some European countries, including Switzerland.

96. **Working Capital-** Working capital is a measure of both a company's efficiency and its short-term financial health. Working capital is calculated as:

Working Capital = Current Assets - Current Liabilities

97. **Yield-** It describes the amount in cash (in percentage terms) that returns to the owners of a security, in the form of interest or dividends received from the security. Normally, it does not include the price variations, distinguishing it from the total return.