

CDS 2017

Which of the following statements about Bitcoin is / are correct?

1. It is a decentralized virtual currency.
2. It is generated through complex computer software systems.
3. The Reserve Bank of India recognized it as a legal tender in January 2016.

Select the correct answer using the code given below. (a) 1 only (b) **1 and 2 only** (c) 2 and 3 only (d) 1, 2 and 3

CAPF 2017

Which one of the following countries has officially recognized Bitcoin as a legal payment method since 1st April 2017 ?

- (a) **Japan** (b) China (c) USA (d) India

Money laundering

Converting the black money into white money

HAWALA

Hawala is an illegal method of remittance of money. Hawala does not involve physical movement of cash.

IAS Prelims 1996

Hawala transactions relate to payments

- (a) **received in rupees against overseas currencies and vice versa without going through the official channels**
 (b) received for sale/transfer of shares without going through the established stock exchanges
 (c) received as commission for services rendered to overseas investors/buyers/ sellers in assisting them to get over the red tape and/or in getting preferential treatment
 (d) made to political parties or to individuals for meeting election expenses

Round-tripping

Round tripping refers to money that leaves the country through various channels and makes its way back into the country often as foreign investment. This mostly involves black money and is allegedly often used for stock price manipulation.

Round tripping is used for tax evasion and money laundering.

Money market v/s Capital/Security market

Money Market	Capital/Security Market
Controlled by RBI. Sources which meet short term requirements of money are the constituents of the money market. Money market instruments include call money, repos, T- Bills, Commercial Paper, Certificate of Deposit and Collateralized Borrowing and Lending Obligations (CBLO).	Controlled by SEBI. Sources which meet medium and long term requirements of money are the constituents of the capital market. It has two type Primary market and secondary market

Primary market v/s Secondary market *

Primary market	Secondary market
It is a market of new issue. Since securities are new hence they create capital formation	It provides market ability for the securities coming for sale in stock market. There is no profit for company. When price of securities is increased, capitalization of company increased.

Bull and Bear Market *

Bull market	A bull market is one where prices are rising
Investor Optimistic	A bull investor has a very optimistic view of the market. He aggressively buys and sells stocks quickly.
Bear market	A bear market is one where prices are falling.