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4(Sem-3) FIM

2018

FINANCIAL INSTITUTIONS AND MARKETS

Paper : 3·6

(Finance Major)

Full Marks – 80

Pass Marks – 24

Time – Three hours

The figures in the margin indicate full marks
for the questions.

1. (A) Choose the most appropriate answers from
the multiple choices given against each :

1×5=5

(i) Find the odd one out :

(a) Certificate of deposit

(b) Commercial paper

(c) Treasury bill

(d) Share certificate

[Turn over

(ii) The process of managing the sales ledger of a client by a financial service company is called :

- (a) Securitisation of debt
- (b) Forfeiting
- (c) Factoring
- (d) Leasing

(iii) A person appointed by a stock broker to assist him in the business of securities trading is called :

- (a) Tarawaniwalas
- (b) Authorised clerk
- (c) Sub-broker
- (d) Jobbers

(iv) The instruments that are 'marked to the market' are

- (a) Forwards
- (b) Futures
- (c) Swaps
- (d) Options

(v) Which one of the following is a marketable asset ?

- (a) Government securities
- (b) Bank deposits
- (c) National savings certificates
- (d) Provident funds

(B) State whether the following statements are true or false : $1 \times 5 = 5$

- (i) A stock exchange is run by an association of its own members.
- (ii) Gray market is inherently speculative in nature.
- (iii) Money market instruments are not highly liquid.
- (iv) Capital market is controlled and regulated by the SEBI only.
- (v) A certificate of deposit is a negotiable instrument issued by a commercial bank.

2. Answer the following questions : $2 \times 5 = 10$

- (a) Name the national level stock exchanges of India.

- (b) Name two 'acid test' functions of a commercial bank.
- (c) What is a development bank ?
- (d) Distinguish between banking and non-banking financial institutions.
- (e) What do you understand by 'new issue market' ?
3. Answer any *four* questions : 5×4=20
- (a) 'To promote orderly and healthy growth of securities market and protection of investors, the SEBI was set up'. With reference to this statement, explain the objectives of SEBI.
- (b) 'The nature of money market can be well explained with the help of its features'. State any five such features of money market.
- (c) Explain in brief the credit control measures used by the RBI.
- (d) Distinguish between commercial banks and co-operative banks.
- (e) 'Treasury bills are important short-term sources of finance for the Government'. Discuss.

(f) What legislative measures have been taken by the Government to support the Indian financial system ?

4. Define financial system and explain the components of financial system with special reference to India. $2+8=10$

Or

Explain the role of the financial system in the economic development of a developing country.

10

5. Write an essay on structure of co-operative banking in India. Highlight the various reforms taken for the development of co-operative banks in the period of liberalisation in India. $5+5=10$

Or

Explain the present structure of commercial banking in India. Discuss the recent developments that have taken place in the activities of commercial banks. $5+5=10$

6. Describe the functions of money market. Briefly discuss the recent development that have taken place in the Indian money market. $5+5=10$

Or

What do you mean by capital market ? Discuss the nature and role of capital market.

2+3+5=10

7. "Reserve Bank of India acts as a promoter of the financial system'. Justify. 10

Or

Discuss the powers and functions of SEBI. 10