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4 (Sem-3) FIAM

2019

**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) State Bank of India

(b) Bank of Baroda

(c) Punjab National Bank

(d) Union Bank of India

[Turn over

- (ii) The most liquid financial market is
- (a) Government securities market
 - (b) Commercial bill market
 - (c) Market for mortgages
 - (d) Call money market
- (iii) Government Bond is a
- (a) Short term security
 - (b) Medium term security
 - (c) Long term security
 - (d) Either short term or long term security
- (iv) The Discount and Finance House of India Limited commenced its operations in
- (a) 1969
 - (b) 1988
 - (c) 2008
 - (d) 2013
- (v) The device through which one can protect himself against losses due to price fluctuations of securities is called
- (a) Hedging
 - (b) Arbitrage
 - (c) Cornering
 - (d) None of the above

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

(i) Rigging refers to the process of creating an artificial condition in the market, whereby, the market value of a particular security is pushed up.

(ii) Financial institutions are intermediaries that mobilize savings and facilitate the allocation of funds in an efficient manner.

(iii) Commercial bill is a long term, negotiable and self-liquidating instrument with high risk.

(iv) Exim Bank is an apex institution which promotes foreign trade.

(v) Capital market instruments are highly liquid.

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

(a) Define financial instrument.

(b) What do you mean by secondary market ?

(c) Explain in brief two characteristics of financial services.

(d) Define Non-Banking Financial Company.

(e) What is collateral loan market ?

3. Answer any *four* questions : $5 \times 4 = 20$

(a) Distinguish between money market and capital market.

(b) Write a note on Securities Contract and Regulation Act, 1956.

(c) Explain the operational mechanism of capital market.

(d) What are the salient features of Co-operative Banks ?

(e) Explain the present structure of financial system of India.

(f) Explain in brief the functions of commercial banks.

4. "A developed financial system contributes significantly in the economic development of a country." — Comment. 10

Or

Explain the concept of financial system. Discuss the developments that have taken place in Indian financial system since independence. $2+8=10$

5. State the features of Development Banks. Distinguish between Development Banks and Commercial Banks. 5+5=10

Or

What role Co-operative Banks play in extending rural credit in India ? State the weakness of Co-operative Banks of India. 5+5=10

6. What are the characteristics of money market ? Explain the major institutions of money market. 5+5=10

Or

What do you mean by primary market ? Describe the major developments that have recently taken place in the primary market of India. 2+8=10

7. Discuss the role of Reserve Bank of India as a regulator and supervisor of financial system. 10

Or

Discuss the functions of Securities and Exchange Board of India. State the measures taken by Securities and Exchange Board of India for healthy development of the capital market of India. 5+5=10