

FYBIM - SEM - II A.T.K.T Exam - SEP - 22
Sub8 - Intro to Financial Intermediaries
23/09/22

(Time: 2 ½ Hours)

(Total Marks :75)



- Note: 1. All Questions are **COMPULSORY**.
2. All Questions have internal choice.

Q.1 (A) Match the following. (Any Eight)

(08)

- | | |
|---|-------------------|
| 1. Long Term Funds | a. Pension Fund |
| 2. Industrial Finance | b. EXIM |
| 3. Both Employer and Employees contribute | c. Capital Market |
| 4. Foreign Trade | d. RBI |
| 5. Credit Rating Agency | e. NABARD |
| 6. Provides Retirement Income | f. IDBI |
| 7. Monetary Policy | g. IRDA |
| 8. Agricultural Finance | h. Provident Fund |
| 9. Insurance sector | i. CARE |

Q.1 (B) State whether the following statements are True or False and rewrite the statements. (Any Seven)

(07)

1. Financial intermediaries provide selected financial services to their customers.
2. To obtain SEBI registration, the applicant has to first become member of a recognized stock exchange.
3. Commercial bank is a financial institution which accepts deposits and issue loans.
4. 'AA' denotes highest safety in terms of timely payment of interest and principal.
5. The Government introduced the Depository Act in 1999.
6. To evaluate the profitability, the financial intermediaries use ratio analysis.
7. The biggest risk to India's banks is the rise in bad loans.
8. Bancassurance is emerging as an important new avenue of distribution of insurance in India.

Q.2 (A) Define Financial System. Explain the structure of Indian Financial System.

(08)

(B) Describe the various benefits of Financial Intermediaries.

(07)

OR

(C) Define Financial Intermediaries. Explain the need of Financial Intermediaries in the financial system.

(08)

(D) Explain the various implications of Financial Intermediaries on economic development.

(07)

Q.3 (A) Explain the role of commercial banks as financial intermediaries.

(08)

(B) Explain the main functions of NABARD.

(07)

OR

(C) Describe the role and importance of mutual funds in financial markets.

(08)

(D) Explain the benefits of credit rating agencies to investors.

(07)

- Q.4 (A) What is interest rate risk? Explain the factors affecting interest rate. (08)
(B) Explain the factors affecting the performance of Financial Intermediaries. (07)

OR

- (C) What is Asymmetric Information? Explain the role of Financial Intermediaries in reducing Information Asymmetry. (08)
(D) What is Transaction Cost? Explain the role of Financial Intermediaries in reducing transaction cost. (07)
- Q.5 (A) Explain the various challenges faced by Financial Intermediaries. (08)
(B) Discuss the future growth prospects of commercial banks in India. (07)

OR

- (C) Write short notes on (Any Three): (15)

1. Role of Financial Intermediaries
2. Credit Union
3. SIDBI
4. Benefits of Depository to investors
5. Challenges faced by Insurance companies