

Duration: 2 ½ Hrs.

Marks: 75

- a) All questions are compulsory and subjected to internal choice.
b) Each question carry 15 marks.

Q1. A) Multiple choice questions: (Any 8; Write correct option number in the 'Correct option' column given) (08 Marks)

	QUESTION	1	2	3	4	CORRECT OPTION
1	Which of the following are functions of a financial system?	The operation of a payments system	Providing the means of portfolio adjustment	Helping to reduce unemployment	Channelling funds between lenders and borrowers	
2	Which of the following are characteristic of a financial intermediary?	It introduces borrowers to lenders	It has assets which exceed liabilities	It increases liquidity for lenders	It reduces transaction costs for borrowers and lenders	
3	The central banking functions in India are performed by the _____	Central Bank of India	Reserve Bank of India	State Bank of India	Punjab National Bank	
4	The BSE Sensex consists of a basket of _____ stocks.	50	100	30	60	
5	_____ is the function of financial system.	Saving function	Nationalization of financial institutions	Establishment of Development banks	Intermediaries control	
6	RBI was nationalized in _____.	1849	1949	1999	2000	
7	_____ is a way of reducing your potential financial loss or hardship.	Insurance	Saving function	Forfeiting	Factoring	
8	_____ brings together money from many people and invests it in stocks, bonds or other assets.	Mutual Funds	Insurance	Factoring	Forfeiting	
9	Certificates of Deposit (CDs) are short-term instruments issued by _____.	Development banks	Commercial banks	Co-operative banks	RRB's	
10	Whenever a company issues new shares or debentures it is known as	Fresh issue	IPO	Secondary issue	Public issue	



Q1. B) State whether the following statements are true or false: (Any 7) (07 Marks)

1. Commodity Futures traders are required to deposit high margins.
2. Foreign Exchange Market in India operates under the state govt.
3. If a person is a 'bull', then they expect prices to rise.
4. Call money market is also known as inter bank loan market.
5. RBI came into existence on 1st Apr. 1935.
6. Options premium are set at predetermined levels by the exchange.
7. Speculators handle transactions on a commission basis for their brokers.
8. Companies Act 2013 replaced Companies Act 1956.
9. Mutual funds provide a viable alternative for the individual investor, usually offering broad based commodity exposure with relatively low investment minimum.
10. SEBI does not help in prohibiting insider trading in securities.

Q2. A) What is capital market? What is the role of capital market? (08 Marks)

Q2. A) What are the constituents of Indian Financial System? (07 Marks)

OR

Q2. C) Distinguish between primary market and secondary market. (15 Marks)

Q3. A) What are the advantages and disadvantages of derivatives? (08 Marks)

Q3. B) What is the process for IPO? (07 Marks)

OR

Q3. C) Distinguish between currency forwards and currency futures. (15 Marks)

Q4. A) Write a note on National Stock Exchange. (08 Marks)

Q4. B) What are the powers and functions of SEBI? (07 Marks)

OR

Q4. C) What are the advantages of stock exchange? (15 Marks)

Q5. A) Write a note on Reserve Bank of India. (15 Marks)

OR

Q5. B) Write short notes: (Any 3) (15 Marks)

- i) Financial services
- ii) Methods of raising funds
- iii) Advantages of money market
- iv) Distinguish between futures and options
- v) Challenges faced by the financial sector
