

2018
COMMERCE
MCO: 105
FINANCIAL MARKET

Full Marks : 80

Time : 3 hours

The figures in the margin indicates full marks for the questions

1. Answer the following multiple choice and short questions :

1 X 12 = 12

- i) Which of the following is not a function of financial system ?
a) Size transformation b) Maturity transformation
c) Risk transformation d) Technology transformation
- ii) What is meant by financial asset ?
- iii) Which one of the following is a cash asset ?
a) Deposit created out of loans b) Bonds
c) Share d) Post office certificate
- iv) Which one of the following is a commercial bank ?
a) Mutual fund company b) Union bank of India
c) Housing finance corporation d) Bajaj Alliance Pvt Ltd
- v) What do you mean by Non-Performing Asset (NPA) ?
- vi) In India, the company which actually deals with the corpus of the mutual fund is called-
a) Sponsor company b) Mutual fund company
c) Asset management company d) Trustee company
- vii) Find the odd man out from the following-
a) Commercial Paper b) Share Certificate
c) Certificate of deposit d) Treasury bill

- viii) The major player in the Indian money market is-
- a) Cooperative banks b) Stock market
c) Commercial banks d) Reserve Bank of India
- ix) Which of the following is not related to Non Banking Financial Institutions (NBFIs)
- a) Contract deposit b) Transfer of funds
c) Brokering Service d) Underwriting
- x) Which of the following is not an objective of SEBI ?
- a) Registering Stock brokers
b) Educating investors
c) Preventing unfair trading
d) Regulating Commercial banks
- xi) What is Credit Rating Agency (CRA) ?
- xii) Which of the following is not a quantitative method of credit control ?
- a) Margin requirements b) Cash Reserve ratio
c) Bank Rate d) Open market operation

- d) Explain the role of Reserve Bank of India (RBI) in controlling and regulating financial markets.
- e) What is Securities Exchange Board of India (SEBI) ? Explain the main objectives of Securities Exchange Board of India (SEBI).
- f) State the powers and functions of Insurance Regulatory Development Authority of India (IRDAI).

2. Answer the following questions:

5 X 4 = 20

- a) State any five characteristics of financial instruments.
b) Distinguish between Money market and Capital market.
c) State the primary functions of commercial banks.
d) State any five objectives of Insurance Regulatory Development Authority of India.

3. Answer any four of the following questions:

12 X 4 = 48

- a) "An understanding of the financial system requires an understanding of various components of the system." Explain the components of Indian financial system with their respective features.
b) Explain the advantages and disadvantages primary markets.
c) "Besides performing their usual banking functions, commercial banks in developing countries play an effective role in building nation's economy." In connection of this statement, discuss the role of commercial banks in building nation's economy.