REV-01
MCM/07/20

2025/12

**SET A**

**MASTER OF COMMERCE**
**FIRST SEMESTER**
**FINANCIAL MARKETS AND INSTITUTIONS**
**MCM – 104 [IDMn]**
**[USE OMR SHEET FOR OBJECTIVE PART]**

**Duration: 1.30 hrs.** **Full Marks: 35**

## Objective

**Time: 15 mins.** **Marks: 10**

***Choose the correct answer from the following:*** ***1×10=10***

1. Which of the following is not the part of Indian Financial System?
   a. Financial Institutions
   b. Financial Markets
   c. Financial Instruments
   d. Financial monopoly

2. The Money market deals primarily with................
   a. Short-term financial instruments
   b. Long-term financial instruments
   c. Foreign exchange transactions
   d. Government subsidies

3. Choose the correct differentiation between the Organized and the Unorganized sector?
   a. The Organized sector is regulated by regulatory authorities like the RBI and the Unorganized sector is not regulated by any regulatory bodies.
   b. Unorganized sector is also called formal sector and Organized sector is also called informal sector.
   c. Organized sector is not dependent on government funds, while the Unorganized sector is dependent on Government funds.
   d. Organized sector in India doesn't have Global reach whereas the Unorganized sector in India have global presence and operate Globally.

4. Government short term bonds that are issued on discount and redeemed at face value in Money Market are called..................
   a. Equity shares
   b. Corporate bonds
   c. Treasury bills
   d. Debentures

5. Which of the following statements about the Capital market is correct?
   a. The Capital market deals with instruments that have a maturity period of less than one year.
   b. The Capital market primarily facilitates long-term capital formation.
   c. The Capital market provides short-term liquidity to financial institutions, corporations, and governments.
   d. The Capital market operates only through OTC exchanges.

6. ......................is a short term Money market instrument with a maturity period of one day to two weeks, used mostly by banks to cover short-term liquidity issues.
   - **a.** IPO
   - **b.** Treasury Bill
   - **c.** Debentures
   - **d.** Call Money

7. Which Indian institution store and manage all the national foreign Reserve?
   - **a.** Export and Import Bank of India(EXIM Bank)
   - **b.** Securities and Exchange Board of India (SEBI)
   - **c.** Reserve Bank of India (RBI)
   - **d.** State Bank of India (SBI)

8. The primary function of the Reserve Bank of India as a financial institution is to........................
   - **a.** Provide long-term project financing to industries
   - **b.** Regulate the issue and supply of money and maintain monetary stability in the country
   - **c.** Promote export and import activities
   - **d.** Offer insurance coverage for industrial projects

9. Which of the following best describes a forward *contract* in the derivatives market?
   - **a.** A standardized agreement traded on an exchange to buy or sell an asset at a predetermined price on a future date.
   - **b.** A customized contract between two parties traded over the counter (OTC).
   - **c.** An agreement that gives the buyer the right but not the obligation to buy or sell an asset.
   - **d.** A financial instrument issued by a government to raise short-term funds.

10. Which of the following exchange rate combined both the characteristic of Fixed and Floating exchange rate
   - **a.** Fixed exchange rate
   - **b.** Manage floating exchange rate
   - **c.** Floating exchange rate
   - **d.** Multiple exchange rate

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## Descriptive

Time : 1 Hr. 15 Mins. Marks : 25

[ Answer question no.1 & any two (2) from the rest ]

1. Differentiate between the Organized Sector and the Unorganized Sector in the context of financial market. 5

2. What is capital Market? Analyse the various Capital Market Instruments in detail. 2+8=10

3. What is the central bank of India? Elaborate on its core functions and responsibilities. 2+5+3=10

4. What are Derivative Markets? Elaborate on the different types of derivative instruments and the participants in this market. 2+5+3=10

5. What is the Primary Market in financial markets? Explain the various methods of issuing fresh capital. 2+8=10

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