REV-01
BCMR/01/06

2025/11

SET A

BACHELOR OF COMMERCE [HONS WITH RESEARCH]
SEVENTH SEMESTER
FINANCIAL MARKETS AND INSTITUTIONS
BCMR – 704
[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 a function of the financial market?
   a. Mobilization of savings
   b. Price discovery
   c. Production of goods
   d. Liquidity to financial assets

2. The market where newly issued securities are sold for the first time is called the:
   a. Secondary Market
   b. Primary Market
   c. Money Market
   d. Capital Market

3. Which of the following is a method of issuing fresh capital to the public?
   a. Rights Issue
   b. Buyback of Shares
   c. Bonus Issue
   d. Share Split

4. An underwriter in the capital market is a person or institution that:
   a. Audits company accounts
   b. Buys unsold shares in a public issue
   c. Regulates stock exchanges
   d. Issues government bonds

5. Call money market deals with borrowing and lending of funds for a period of:
   a. 1 to 5 years
   b. More than 5 years
   c. 1 to 14 days
   d. 15 to 30 days

6. Treasury Bills are issued by:
   a. State Governments
   b. Commercial Banks
   c. SEBI
   d. Reserve Bank of India on behalf of Government of India

7. A bank is called a scheduled bank if it is included in which schedule of the RBI Act, 1934?
   a. Second Schedule
   b. First Schedule
   c. Third Schedule
   d. Fourth Schedule

8. Credit creation is primarily done by:
   a. NABARD
   b. RBI
   c. Commercial Banks
   d. State Governments

9. A derivative is a financial instrument whose value is derived from.....
   a. Gold reserve
   b. Underlying asset
   c. Bank deposits
   d. None of these

10. In a floating exchange rate system, the value of currency is determined by:
   a. Market forces
   b. IMF
   c. RBI
   d. SEBI

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Descriptive

Time : 1 Hr. 15 Mins. **Marks : 25**

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

1. Explain the structure of the financial market in India. Discuss the difference between the Money Market and the Capital Market with suitable examples. 2+ 3=5

2. Discuss in detail the structure, functions, and importance of the capital market in India. Explain the role of SEBI in regulating the capital market with suitable examples. 2+2+2+4=10

3. Explain the structure and components of the Money Market in India. Discuss the features, participants, and major instruments such as Treasury Bills, Commercial Papers, Certificates of Deposit, and Call Money. 2+2+2+4=10

4. Explain the functions of commercial banks in detail. Discuss their role in economic development with suitable examples. 5+5=10

5. Write short notes on: 5+5=10
   a) Derivative market
   b) Forex market

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