REV-01
BCM/05/10

2025/05

SET A

BACHELOR OF COMMERCE
SECOND SEMESTER [REPEAT]
INDIAN FINANCIAL SYSTEM
BCM – 202

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: *1×20=20*

1. The function of a financial system is.........................
   a. Market growth
   b. Financial growth
   c. Establish a link between savers and investors
   d. None of the above

2. Treasury bills are issued at.........................price
   a. Discount
   b. Premium
   c. Market
   d. None of the above

3. Where is the headquarters of NABARD located?
   a. New Delhi
   b. Mumbai
   c. Bangalore
   d. None of the above

4. When was SEBI established as a statutory body?
   a. 1990
   b. 1991
   c. 1992
   d. None of the above

5. Which one of the following is an advantage of the secondary market?
   a. Liquidity for investors
   b. High transaction cost
   c. Fixed Return
   d. None of the above

6. Treasury bills are a part of:
   a. Capital market
   b. Money market
   c. Commodity market
   d. None of the above

7. How many companies are included in the BSE Sensex?
   a. Thirty
   b. Fifty
   c. Hundred
   d. None of the above

8. A systematic investment plan allow investors to:
   a. Invest regularly at fixed intervals
   b. Withdraw amount regularly
   c. Invest a lump sum amount
   d. None of the above

9. The Components of Capital Market are.........................
   a. Debt Market
   b. Equity Market
   c. Derivative Market
   d. All of the above

10. NSE stands for.........................
    a. National Saving Exchange
    b. National Stock Exchange
    c. New Securities Exchange
    d. None of the above

11. What is the key difference between forwards and futures?
   a. Futures are traded over-the-counter
   b. Forwards are standardized
   c. Futures are exchange-traded, forwards are OTC
   d. Forwards are regulated by exchanges

12. The financial Market where debt and stocks are traded and maturity period is more than a year is classified as:
   a. Shorter term Markets
   b. Capital Markets
   c. Counter Markets
   d. None of the above

13. Which of the following is a fund-based financial service?
   a. Credit Rating
   b. Leasing
   c. Merchant Banking
   d. None of the above

14. Who regulates mutual funds in India?
   a. RBI
   b. SEBI
   c. NABARD
   d. None of the above

15. When was the Bombay Stock Exchange established?
   a. 1975
   b. 1990
   c. 1875
   d. None of the above

16. FEMA stands for:
   a. Foreign Economic Management Act
   b. Foreign Exchange Market Authority
   c. Foreign Exchange Management Act
   d. Financial Exchange Monitoring Act

17. Commercial bills are usually used for:
   a. Investment in securities
   b. Capital expenditure
   c. Short-term trade credit
   d. None of the above

18. What is the maturity period of Commercial Paper?
   a. 1 day to 1 year
   b. 7 days to 1 year
   c. 1 year to 5 years
   d. More than 5 years

19. A floating exchange rate system is determined by:
   a. Central bank decisions
   b. IMF regulations
   c. Market demand and supply
   d. Fixed Currency Values

20. Venture capital finance is typically provided to:
   a. Government enterprises
   b. Established large firms
   c. Startups and early -stage businesses
   d. None of the above

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(Descriptive)

Time : 2 Hr. 30 Mins. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. Discuss the structure of Indian Financial System. 10

2. What is Merchant Banking? Distinguish between Merchant Banking and Commercial Banking. Mention some of the key services offered by Merchant Banking Institutions. 1+4+5=10

3. **a)** Explain the concept of the Exchange Rate Mechanism (ERM)? 2+8=10
   b) Discuss the various types of exchange rate systems adopted by different countries.

4. What are fund-based and non-fund-based financial services? Explain their different types with suitable examples. 2+8=10

5. What are the different types of derivatives and how do they differ from each other? Support your answer with real world examples. 10

6. What is meant by organized and unorganized sector? 5+5=10

7. What is meant by certificate of deposits and mention the features of certificate of deposits. 3+7=10

8. Write short notes on: ***(any two)*** 5×2=10
   a) Treasury Bills Market
   b) Commercial Paper
   c) NABARD
   d) Mutual funds

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