

**MASTER OF COMMERCE**  
**FOURTH SEMESTER**  
**MANAGEMENT OF FINANCIAL INSTITUTIONS**  
**MCM-405 A**

(Use separate answer scripts for Objective & Descriptive)

Duration: 3 hrs.

Full Marks: 70

( **PART-A: Objective** )

Time: 20 min.

Marks: 20

**Choose the correct answer from the following:**

*1x20=20*

1. Mutual funds are regulated by:  
a. Association of Mutual Funds of India      b. Securities and Exchange Board of India  
c. Reserve Bank of India                      d. NABARD
2. A growth fund is:  
a. One in which the money is invested in equities.  
b. One in which the money is invested in government bonds.  
c. One in which the money is invested equally in equity and bonds.  
d. Money is invested only in money market instruments.
3. Which one of the following rate is not determined by RBI?  
a. Bank rate      b. CRR      c. SLR      d. PLR
4. A bank is said to be a scheduled bank when it has a paid up capital and reserves as per the prescription of RBI and included in the .....schedule of RBI Act, 1934.  
a. II                      b. IV                      c. III                      d. V
5. Which act has given control & supervision powers to RBI over commercial banks?  
a. RBI Act, 1934.  
b. Banking Regulation Act, 1949.  
c. Both RBI Act, 1934 and Banking Regulation Act, 1949.  
d. Banking Regulation Act, 1960.
6. Which one of the following Banks in India had started the special promotional and developmental activities to meet the twin objectives of balanced regional development and accelerated industrial growth in the country?  
a. SIDBI                      b. IDBI                      c. SFCs                      d. IFC
7. A bank suffers loss due to adverse market movement of a security. The security was however held beyond the defeasance period. What is the type of the risk that the bank has suffered?  
a. Market Risk                                      b. Operational Risk  
c. Market Liquidation Risk                      d. Credit Risk
8. Systemic risk is the risk due to.....  
a. Failure of a bank, which is not adhering to regulations.  
b. Failure of two banks simultaneously due to bankruptcy of one bank.  
c. Where a group of banks fail due to contagion effect.  
d. Failure of entire banking system.

9. Which mutual fund type is most likely to own stocks paying the highest dividend yields?
- a. Capital appreciation fund                      b. Equity income fund  
c. Growth and income fund                      d. Growth fund
10. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act passed in the year:
- a. 2002                      b. 2004                      c. 2005                      d. 2017
11. Which of the following is not a regulatory institution in Indian financial system?
- a. CIBIL                      b. RBI                      c. IRDA                      d. SEBI
12. Which of the following Act has specially been enacted to help banks to deal with bad loans?
- a. Offshore Banking Act                      b. SARFAESI Act  
c. Banking Regulation Act                      d. Negotiable Instruments Act
13. Which one of the following is not the objective of IRDA?
- a. To take care of the policy holders interest.  
b. To ensure continued financial soundness and solvency.  
c. To open the insurance sector for private sector.  
d. To provide loans to the insurance companies.
14. Which one of the following is not the principle of sound bank lending?
- a. Pooling of risk                      b. Diversification of risks  
c. Liquidity                      d. Safety
15. Asset-liability management models enable institutions to measure and monitor.....
- a. Risk                      b. Growth rate  
c. Profit                      d. Movement of fixed obligations
16. Basel II recognized which of the following risks?
- i) Credit risk    ii) Operational risk    iii) Market risk
- a. i) only                      b. ii) only  
c. ii) and iii) only                      d. i), ii) and iii)
17. The premier export finance institution of the country is.....
- a. SBI                      b. EXIM Bank                      c. IDBI                      d. RBI
18. The account is maintained by an Indian Bank in the foreign countries for a facility of easy clearing of their transaction known as:
- a. Vostro Account                      b. Nostro Account  
c. Loro Account                      d. Mirror Account
19. Whose interest is kept in mind in a good Corporate Governance system?
- a. Share holders of the company                      b. Debenture holders of the company  
c. Employees of the company                      d. All of the above
20. Bharatiya Mahila Bank was merged on 1<sup>st</sup> April, 2017 with which one of the following banks?
- a. PNB                      b. IDBI                      c. SBI                      d. HDFC

( **PART-B: Descriptive** )

Time: 2 hrs. 40 min.

Marks: 50

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

1. Discuss about the structure of Financial Institutions of India and their role in economic development of the country. 10
2. Write a comprehensive note on economic capital of bank. Is it differing from regulatory capital? 8+2=10
3. Discuss about the different kinds of risk that the banking institutions are exposed to. 10
4. a. What are the objectives of the Basel III measures? 3+7=10  
b. Write about the "Three Pillars" of Basel norm.
5. a. What are the important causes of NPA? 4+6=10  
b. Discuss briefly about the recovery mechanism of NPAs.
6. a. What are the advantages and disadvantages of Universal Banking? 3+3+4=10  
b. Discuss the RBI's guideline on Universal Banking.
7. a. Give an overview of Insurance Ombudsman Scheme. 4+6=10  
b. Describe briefly the IRDA regulations relating to protection of interest of policy holders.
8. a. Discuss the organizational structure of Mutual Fund. 4+6=10  
b. Discuss the steps taken by SEBI to regulate the Mutual Funds in India.

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