

**MA ECONOMICS**  
**FOURTH SEMESTER [SPECIAL REPEAT]**  
**FINANCIAL ECONOMICS**  
**MEC – 402**

**SET**  
**A**

**[USE OMR SHEET FOR OBJECTIVE PART]**

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

**(Objective)**

Marks: 20

*Choose the correct answer from the following:*

*1 × 20 = 20*

1. Which of the following statement is true about Certificates of Deposits?
  - A. It is secure instrument in comparison of Commercial Paper.
  - B. It is a promissory note.
  - C. It is traded in Capital Market.
  - D. It was introduced in 1990
  - a. Option C & D are false
  - b. Option A & B are false
  - c. Option A, C & D are correct
  - d. All the options are correct
2. Which of the following statement is false about Treasury Bills?
  - A. It is a secure Instrument.
  - B. It is a promissory note.
  - C. It is issued by government.
  - D. It is issued maximum for maturity of 1 year
  - a. Option A & B are false
  - b. Only option C is true
  - c. Option A & D are correct
  - d. All the options are correct
3. What is the minimum amount at which Commercial Paper can be issued?
  - a. The minimum amount for Commercial Papers is 5 lakhs.
  - b. The minimum amount for Commercial Papers is 5 Crores.
  - c. The minimum amount for Commercial Papers is 1 lakh.
  - d. The minimum amount for Commercial Papers is 1 Crore.
4. Capital market regulator is:
  - a. R B I
  - b. I R D A
  - c. N S E
  - d. S E B I
5. The market in which new Securities are issued by the Corporations to raise funds are called:
  - a. Primary Markets
  - b. Secondary Markets
  - c. Gross Markets
  - d. Proceeds Markets
6. Which of the following is least risky?
  - a. Equity
  - b. Corporate Bonds
  - c. Treasury Bills
  - d. Certificate of Deposits
7. The Component of Capital Market are:
  - a. Equity Market
  - b. Debt Market
  - c. Derivative Market
  - d. All of the above

8. The exchange markets and over the counter markets are considered as two types of:
  - a. Floating market
  - b. Risky market
  - c. Secondary market
  - d. Primary market
9. Which among the following financial instruments are dealt by Primary Dealers?
  - a. Bonds
  - b. Mutual Funds
  - c. Government securities
  - d. Debentures
10. Which of the following is not function of SEBI?
  - a. Protecting the interests of investors
  - b. Registration of share brokers
  - c. Change in the cash Reserve Ratio
  - d. Allow Foreign Institutional Investors (FII) to invest in the securities market.
11. Which of the following is not a regulatory institution in Indian financial system?
  - a. RBI
  - b. CIBIL
  - c. SEBI
  - d. IRDA
12. Financial institutions are also known as
  - a. Financial organization
  - b. Financial intermediaries
  - c. Financial system
  - d. Any of the above
13. Which of the following combinations is correct?
  - a. NABARD-----Industrial Loan
  - b. RBI-----Long term Finance
  - c. RRB-----Agriculture Finance
  - d. IDBI-----Short Term Loans
14. Which of the following is not an organized sector in India?
  - a. Nationalized Banks
  - b. Regional Rural Banks
  - c. Cooperative Banks
  - d. Chits and Money lenders
15. In which year was the Banking Regulation Act passed?
  - a. 1949
  - b. 1955
  - c. 1959
  - d. 1969
16. "Scheduled bank" in India means a bank \_\_\_\_\_.
  - a. Incorporated under the Companies Act, 1956
  - b. Authorized to the Banking business
  - c. Governed by the Banking Regulation Act, 1949
  - d. Included in the Second schedule to the Reserve Bank of India Act 1934
17. Which of the following is the regulator of Money market?
  - a. Reserve Bank of India
  - b. Government of India
  - c. Telecom Regularity Authority
  - d. Insurance Regularity Department
18. What is Call Money?
  - a. It is an overnight loan in the Money Market
  - b. It is loan of above 1 day to 14 days in the money market
  - c. It is loan of above 14 day to 364 days in the money market
  - d. It is an amount charged on ISD
19. Which of the following is not related with Money Market?
  - a. Treasury Bills
  - b. Commercial Bills
  - c. Certificates of Deposit
  - d. Shares



20. Which of the following statement is true about Commercial Paper?

- A. It is traded in the money market.
  - B. It is a promissory note.
  - C. It was introduced in 1990.
  - D. It is a secure Instrument.
- a. Option A & B are correct
  - c. Option A, B & C are correct

- b. Option C & D are correct
- d. All the options are correct

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**( Descriptive )**

Time : 2 Hr. 30 Mins.

Marks : 50

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

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|---|----------|
| 1. Explain the various components of Indian Financial system                            | 10       |
| 2. a) Elaborate Mutual Fund and its functions   | 6+4=10   |
| b) Write a note on Indian Money Market and its contribution to the Economy              |          |
| 3. a) What is public issue and right issue of primary market?                           | 6+4=10   |
| b) What do you mean by private placement?   |          |
| 4. a) Explain the Loanable fund approach of financial asset pricing.                    | 4+6=10   |
| b) Explain in short the evolution of banking system in India.                           |          |
| 5. a) Explain Commercial Papers (CP).   | 4+3+3=10 |
| b) What are Treasury Bills and Call Money Market?                                       |          |
| 6. a) What are the main functions of capital market?                                    | 4+3+3=10 |
| b) What is primary and secondary market?  |          |
| 7. a) Write a note on the banking regulation act of 1949.                               | 4+6=10   |
| b) What are the recommendations of Narashima committee report of Indian banking system? |          |
| 8. a) Explain the stock market and its operation.                                       | 6+4=10   |
| b) Write a note on BSE.   |          |

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