

**BACHELOR OF COMMERCE
SECOND SEMESTER
INDIAN FINANCIAL SYSTEM
BCM – 202**

**SET
B**

[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

- Who regulates the insurance sector in India?
 - SEBI
 - NABARD
 - IRDAI
 - PFRDA
- The main function of NABARD is:
 - Research for agriculture development
 - Facilitating credit flow for promotion and development of agriculture
 - Granting crop loan to farmers
 - All of the above
- Which of the following is not a characteristic of financial services?
 - Inseparability
 - Variability
 - Comparability
 - Perishability
- Which of the following is true for a financial lease?
 - The lessor transfers substantially all the risks and rewards of ownership of assets to the lessee.
 - Such type of lease is non-cancellable
 - The lease rental charged by the lessor during the primary period of lease is sufficient to recover his/her investment.
 - All of the above
- Which of the following is not a type of consumer finance?
 - Education loan
 - Provident fund
 - Credit cards
 - Mortgage loan
- Which of the following is a fund-based financial service?
 - Credit rating
 - Bills discounting
 - Merger and acquisition
 - Portfolio management
- Foreign Exchange Management Act was introduced in the year
 - 1974
 - 1997
 - 1999
 - 2000
- Which of the following is not a derivative instrument?
 - Forwards
 - Sovereign Gold Bonds
 - Swaps
 - None of the above

9. Which of the following are traded in stock exchanges?
 - a. Options
 - b. Futures
 - c. Both a and b
 - d. Only b
10. _____ take an offsetting position in an asset or investment that reduces the price risk of an existing position.
 - a. Speculators
 - b. Hedgers
 - c. Arbitraders
 - d. Brokers
11. Which of the following is a public sector bank?
 - a. ICICI Bank
 - b. UBI Bank
 - c. AXIS Bank
 - d. Federal Bank
12. Which of the following is not a regulatory agency?
 - a. SEBI
 - b. IRDAI
 - c. NSE
 - d. RBI
13. Who is the present finance minister of India?
 - a. Piyush Goyal
 - b. Arun Jaitley
 - c. P. Chidambaram
 - d. Nirmala Sitharaman
14. Which of these is not a type of Financial Assets?
 - a. Prospectus
 - b. Treasury bill
 - c. Bonds
 - d. Debentures
15. Which of the following is a Stock market index?
 - a. NIFTY 50
 - b. NASDAQ 100
 - c. SENSEX
 - d. All of the above
16. Which of the following is not a money market instrument?
 - a. Commercial paper
 - b. Bills of exchange
 - c. National Savings Certificate
 - d. Call money
17. Which of the following is not a function of SEBI?
 - a. Protective function
 - b. Statutory function
 - c. Regulatory function
 - d. Development function
18. Indicate the incorrect statement.
 - a. Treasury bills are issued as promissory notes with guaranteed repayment at a later date.
 - b. Treasury bills are issued at a premium to the face value.
 - c. Treasury bills are issued by the Reserve Bank of India on behalf of the Central Government.
 - d. Treasury bills have short term maturities with highest upto one year.
19. Which of the following is not a function of RBI?
 - a. Controlling inflation
 - b. Lender of last resort
 - c. Employment creation
 - d. Supervision of banks
20. Quantitative tool of the monetary policy of RBI includes:
 - a. Margin requirement
 - b. Statutory Liquidity Ratio
 - c. Selective credit control
 - d. Moral suasion

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. Discuss the structure of a financial system highlighting its components. 10
2. Write a note on money market. Describe any three money market instruments. 4+6=10
3. What do you mean by primary market? Discuss the methods of raising funds in the primary market. 2+8=10
4. Elaborate the functions of commercial banks. 10
5. a) Explain briefly the monetary policy of RBI. 5+5=10
b) Write a note on NABARD.
6. What is merchant banking? Compare merchant banks with commercial banks. Explain any five functions of merchant banks. 2+3+5=10
7. Write notes on the following: 5+5=10
a) Venture capital finance
b) Credit rating
8. What is foreign exchange? Explain the advantages and disadvantages of foreign exchange market. 2+8=10

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