

**BACHELOR OF COMMERCE [HONS]
FIFTH SEMESTER
FINANCIAL MARKETS AND INSTITUTIONS
BCM- 503A3**

**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. What are the two main types of financial markets?
 - a. Primary market and secondary market
 - b. Money market and capital market
 - c. Equity market and debt market
 - d. All of the above
2. What is the role of Financial intermediaries?
 - a. Financial intermediaries help to connect borrowers and lenders
 - b. Financial intermediaries help to reduce the risk of financial transactions
 - c. Financial intermediaries help to regulate the financial markets
 - d. All of the above
3. Which of the following reforms was introduced in India to improve the regulatory framework for the financial sector?
 - a. The establishment of the Banking Ombudsman Scheme
 - b. The enactment of the Insurance Regulatory and Development Act (IRDA)
 - c. The establishment of the Pension Fund Regulatory and Development Authority (PFRDA)
 - d. All of the above
4. What are the theories which studies the relationship between financial system and economic development?
 - a. Prior savings theory
 - b. Credit creation theory
 - c. Forced saving theory
 - d. All of the above
5. Which of the following is not typically considered a money market instrument?
 - a. Treasury bills
 - b. Corporate bonds
 - c. Commercial paper
 - d. Certificates of deposit
6. What is the typical maturity period of a treasury bill in the money market?
 - a. 3 months
 - b. 5 year
 - c. 10 year
 - d. 1 year

7. Which entity often serves as an intermediary in the money market, facilitating short-term borrowing and lending among financial institutions?
 - a. Central bank
 - b. Stock exchange
 - c. Investment bank
 - d. Pension fund
8. What is the primary characteristic of money market?
 - a. Long-term investments
 - b. High liquidity
 - c. Risky assets
 - d. Speculative trading
9. Which of the following best describes the primary function of a capital market?
 - a. Providing short-term loans to individuals and businesses
 - b. Facilitating the exchange of goods and services
 - c. Allowing the buying and selling of financial securities like stocks and bonds
 - d. Regulating the banking industry
10. What is one of the key significance of capital market in the economy?
 - a. Providing short-term loans to individuals
 - b. Facilitating long-term investment and raising capital for businesses
 - c. Generating tax revenue for the government
 - d. Regulating financial institutions
11. Which of the following instruments is commonly traded in the capital market?
 - a. Consumer goods
 - b. Agricultural products
 - c. Real estate
 - d. Stocks and bonds
12. How does the capital market help businesses raise funds?
 - a. By offering consumer loans
 - b. By issuing government grants
 - c. By allowing companies to sell stocks and bonds to investors
 - d. By providing venture capital to startups
13. What is the primary function of Commercial Bank?
 - a. Accepting deposit and providing loans
 - b. Currency printing
 - c. Stock trading
 - d. Real estate development
14. What is the primary objective of Cooperative banks?
 - a. Maximizing profits
 - b. Serving the interests of a specific community
 - c. Providing investment banking services
 - d. Regulating the monetary policy of a country
15. What is the maximum balance limit in a Payment Bank account?
 - a. 1 Lakhs
 - b. 5 Lakhs
 - c. 10 Lakhs
 - d. 25 Lakhs
16. What does the term "financial inclusion" refer to?
 - a. Providing access to financial services to only high income individuals
 - b. Ensuring that financial services are available to a broad range of people, including those with low incomes
 - c. Exclusively offering loans and credit cards to businesses
 - d. Restricting access to financial services to urban areas

17. Which regulatory authority in India provides guidelines for the classification and management of NPAs by banks?
- a. Reserve Bank of India
 - b. Securities and exchange board of India
 - c. Ministry of Finance
 - d. Indian Banks Association
18. Which financial instrument represents ownership in a corporation?
- a. Corporate bond
 - b. Preferred stock
 - c. Treasury bill
 - d. Mortgage-backed security
19. A credit union is an example of which type of financial intermediary?
- a. Investment bank
 - b. Commercial bank
 - c. Non-Bank Financial Institution
 - d. Pension fund
20. Which regulatory body in India oversees the functioning of NBFCs?
- a. RBI (Reserve Bank of India)
 - b. SEBI (Securities and Exchange Board of India)
 - c. IRDAI (Insurance Regulatory and Development Authority of India)
 - d. NABARD (National Bank for Agriculture and Rural Development)
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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. Explore the essential components of Indian Financial System. | 10 |
| 2. Explain different type Money market instruments. | 10 |
| 3. Discuss the structure and role of Reserve Bank of India. | 10 |
| 4. Examine the significant difference between Capital market and Money market. | 10 |
| 5. Give a note on <i>any two</i> from the following: | 5+5=10 |
| a) SEBI | |
| b) BSE | |
| c) Derivative market | |
| 6. Discuss the primary functions of Commercial banks. | 10 |
| 7. Evaluate the impact of Non-Performing Assets (NPAs) on banking sector in India. | 10 |
| 8. State the meaning of Microfinance. Discuss the various functions of NABARD. | 5+5=10 |

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