

**BACHELOR OF COMMERCE [HONS]  
FIFTH SEMESTER [SPECIAL REPEAT]  
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 ]

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 *any two* 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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