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FINANCIAL INSTITUTIONS AND MARKETS SYBMS SEM IV 2018-19

Duration: 2.5 hrs

Max marks: 75

Q1 A) Fill in the blanks with correct alternative (answer any 8) (08 marks)

1. RBI
2. Primary
3. Housing
4. Central government
5. European
6. Futures
7. Insured
8. Fixed
9. Federal Reserve
10. Credit rating

Q1 B) Say whether True or False (answer any 7) (07 marks)

1. Equity shares are money market instruments- **False**
2. Mutual funds cover risks of financial losses - **False**
3. The department of disinvestment deals with revenue matters relating to direct and indirect taxes - **False**
4. A Self Help group is a group of five to twenty persons formed to provide microfinance to needy persons - **True**
5. One of the primary objectives of SEBI is investor protection - **True**
6. SIDBI was established as a wholly owned subsidiary of IDBI in the year 1988 - **True**
7. GIC deals in Marine Insurance policies - **True**
8. Derivatives mean both Commodity and Financial Derivatives - **True**
9. Money market is a market for short term instruments - **True**
10. Reinsurance is an agreement between two insurance cos for sharing risks - **True**

Q2 A) What are the functions of the financial system? (08 marks)

Savings function, Liquidity function, Transferring resources, economic development, payment function, risk function

Q2 B) What are the various fee based financial services? (07 marks)

Merchant banking, credit rating, stock broking, custodial services, loan syndication, securitisation

OR

Q2 C) What is microfinance? What are the advantages of microfinance? (08 marks)

Refers to provision of small loans without collateral security to poor, underprivileged people. Advantages – Poverty eradication, empowerment of women, financial security for underprivileged, innovative products etc

Q2 D) Explain the various models of microfinance. (07 marks)

Grameen Bank, SHG-BLP, SHG-NGO, SGSY, ROSCAS etc

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Q3 A) Explain the various departments of Ministry of Finance. (08 marks)

Departments – Economic Affairs, expenditure, revenue, disinvestment, financial services

Q3 B) Explain the powers and functions of SEBI (07 marks)

Protecting interest of investors, training of intermediaries, regulating the working of stock brokers, calling for information from stock exchanges, guidelines on advertisements

OR

Q3 C) What are the services offered by Merchant Bankers? (08 marks)

Underwriting, advisory, management of debt and equity, loan syndication, venture capital financing

Q3 D) Explain the functions of The Reserve Bank of India. (07 marks)

Explain -Traditional, Regulatory and Developmental

Q4 A) Explain the instruments of Money market. (08 marks)

Call money, certificate of deposit, treasury bill, commercial paper, repo, bankers acceptance

Q4 B) How are mutual funds classified? (07 marks)

By structure – open ended, close-ended, interval

By investment objective – growth, income, balanced, money market

Other schemes – Tax saving funds, index funds, sectoral funds, etd, gold exchange traded funds

OR

Q4 C) What are the functions of Capital market? (08 marks)

Mobilisation of savings, capital formation, economic development, integrate different parts of financial system, promotion of stock market

Q4 D) Distinguish between Capital market and Money market (07 marks)

Long term v/s short term, different instruments, regulated by SEBI v/s RBI

Q5 A) What is financial system design? What are the types of financial system design? (08 marks)



**Vertical arrangement of well integrated chain of financial markets and institutions.
Bank based and Market oriented system.**

Q5 B) Explain Agency conflict and stockholder conflict. (07 marks)

Difference between ownership and management, different objectives of managers and shareholders.

OR

Q5 C) Write short notes on (any three) (15 marks)

1. German Financial system model
2. Self help groups
3. Principles of insurance
4. ADR
5. NABARD