

MBA-10 (Master of Business Administration)
M.B.A- Second Year(Fourth Semester)
Examination-2012
Indian Financial System
FM-2104

Time: 3 Hours

Maximum Marks: 60

Note- The question paper is divided into three sections A, B and C

Section-A

(Long Answer Type Questions)

Section 'A' contains 04 long answer-type questions of 15 marks each.

Learners are required to answers 02 questions only.

2×15=30

1. Define financial system and discuss the important functions performed by it. Also explain components and structure of Indian Financial System.
2. "Commercial banks are special among the intermediaries for the development of the economy." Justify
3. What are the major advantages of investment through mutual funds? As an investor which considerations would be relevant for your decision to invest in mutual funds schemes?
4. "Organisational and functional differences notwithstanding, primary and secondary segments of the securities market are closely related." Do you agree? Give reasons.

Section-B

(Short Answer Type Questions)

Section 'B' contains 08 short answer type questions of 5 marks each. Learners

are required to answers 4 questions only. Answers of short answer-type questions must be restricted to 250 words approximately.

4×5 = 20

1. 'Perfect capital market is a concept rather than a reality.' Comment
2. What is the need for considering gold as a hybrid asset?
3. List the factors that have inhibited the growth of term money market in India.
4. 'Banks have started providing 'one stop shopping' for their customers.'
Comment
5. What are Non-Banking Finance Companies?
6. What is Social Cost-Benefit Analysis?
7. Differentiate investment banking from commercial banking.
8. What are the Currency Swaps?

Section- C

(Objective Type Questions)

Section 'C' contains 10 objective-type questions of 01 mark each. Learners are required to answer all the questions.

10×1=10

1. Development Banks are those financial institutions which provide long term capital for industries and agriculture.
2. Repos are a part of open market operations undertaken to influence long-term liquidity.
3. In India, the off-balance sheet activities of commercial banks include forward exchange contracts, guarantees, acceptances and endorsements.
4. SLR is lower than CRR.
5. Venture Capital helps entrepreneurs to actualise scientific ideas and inventions.

Choose the correct alternative.

6. Commercial Bills are a part of which of the following markets?
 - a) Organized money market
 - b) Unorganized money market
 - c) Stock market
 - d) None of the above
7. Reserve Bank of India's functions are classified into;
 - a) Supervisory & Regulatory
 - b) Promotional & Developmental
 - c) Refinance Activities
 - d) All of the above
8. Which trading provides a customer with added leverage through the use of borrowed funds?
 - a) Margin Trading
 - b) Market Trading
 - c) Hybrid Trading
 - d) Forward Trading
9. Which activity was formally initiated into the Indian Capital Markets when Grindlays Bank received the license from the RBI in 1967?
 - a) Universal Banking
 - b) Merchant Banking
 - c) Private Banking
 - d) Development Banking
10. Among the following, which answer option denotes primary function of financial market?
 - a) Provides highest return for a given level of risk
 - b) Low cost of transactions and information
 - c) Facilitates the transfer of funds from surplus sectors (lenders) to deficit sectors (borrowers).
 - d) To link the participants of the market by formal trading rules