

**BACHELOR OF COMMERCE [HONS]
FIFTH SEMESTER
FINANCIAL MARKETS AND INSTITUTIONS
BCM – 505A**

**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. Which of these is not a type of Financial Assets?
 - a. Cheque
 - b. Notice money
 - c. Call money
 - d. Treasury bill
2. Which of these is regarded as the fourth element of the financial system?
 - a. Financial markets
 - b. Financial services
 - c. Financial instruments
 - d. Financial institutions
3. The unorganized financial system includes:
 - a. Commercial Banks
 - b. Merchant banks
 - c. Indigenous Banks
 - d. None of the above
4. Financial intermediaries can substantially reduce transaction cost because their large size allows them to take advantage of:
 - a. Poorly informed customers
 - b. Standardization
 - c. Economies of scale
 - d. Their market power
5. Which of the following is not a money market instrument?
 - a. Call money
 - b. Commercial paper
 - c. Treasury bill
 - d. Equity shares
6. Which of the following is not really a central bank's responsibility?
 - a. Banking facilities for the public
 - b. Financial assistance to the government
 - c. Providing credit to commercial banks
 - d. Banker to the government
7. Treasury bills are secured instruments and are issued for a period not exceeding _____ days.
 - a. 360
 - b. 180
 - c. 364
 - d. 90
8. It is a method through which banks borrow from each other to maintain the cash reserve ratio:
 - a. Commercial paper
 - b. Certificate of deposit
 - c. Demand drafts
 - d. Call money
9. Systematic investment plans are related to:
 - a. Life insurance policy
 - b. Term deposits
 - c. Mutual fund policy
 - d. Recurring deposits

10. Which of the following is not a public sector bank?
 - a. Punjab National Bank
 - b. Canara Bank
 - c. HDFC Bank
 - d. State Bank of India
11. _____ is the apex institution for handling the refinance for agricultural and rural development in India.
 - a. SBI
 - b. NABARD
 - c. NEDFI
 - d. SIDBI
12. When Cash Reserve Ratio is raised by RBI, the economy experiences _____.
 - a. An increase in the lending activities
 - b. An increase in the money supply
 - c. A decrease in the money supply
 - d. No impact on the money supply
13. What is the limit on the amount of commission that can be charged for underwriting in India?
 - a. 2.5% on equity shares and 5% on debentures
 - b. 5% on equity shares and 2.5% on debentures
 - c. 1% on equity shares and 2% on debentures
 - d. None of the above
14. Which of the following is not a part of pre-issue management?
 - a. Issue of shares
 - b. Scrutinizing applications
 - c. Pricing of issue
 - d. Marketing of the issue
15. For Category 1 merchant bankers, the minimum capital requirement is:
 - a. Rs. 10 crores
 - b. Rs. 50 crores
 - c. Rs. 5 crores
 - d. Rs. 1 Crore
16. Which of the following is a fund-based financial service?
 - a. Credit rating
 - b. Lease finance
 - c. Securitization
 - d. Portfolio management
17. A long term risk capital to finance high technology projects which involve risk but at same time has strong potential for growth:
 - a. Hedge finance
 - b. Lease finance
 - c. Venture capital
 - d. None of the above
18. Which of the following is not a type of consumer finance?
 - a. Credit cards
 - b. Personal loan
 - c. Student loan
 - d. Credit rating
19. A _____ is a financing arrangement by which the lessor buys the property and rents it directly to the lessee.
 - a. Leveraged lease
 - b. Direct lease
 - c. Operating lease
 - d. Hire-purchase finance
20. Which of the following is not a housing finance company?
 - a. Bajaj finance Ltd.
 - b. NABARD
 - c. HDFC Ltd.
 - d. DHFL

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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| 1. Discuss the functions of commercial banks. | 10 |
| 2. What is money market? Describe the money market instruments. | 2+8=10 |
| 3. What is primary market and secondary market? Distinguish between the primary and secondary market. | 2+2+6=10 |
| 4. Elaborate the concept of Non-banking Financial Companies. Briefly explain any five types of NBFCs. | 5+5=10 |
| 5. What is a financial system? Elaborate the role of financial system in the economic development of a country. | 2+8=10 |
| 6. Examine how merchant banking is different from commercial banking. Explain the role of merchant banks in managing public issue of shares. | 5+5=10 |
| 7. Write a note on:
a) Underwriting of shares
b) Fund-based and fee-based financial services | 5+5=10 |
| 8. Explain the salient features of lease financing. How is it beneficial for the lessor? | 5+5=10 |

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