

Time: 2½ hrs.

Marks:75

- Note:**
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.
 3. Draw a neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) (08)

- (1) _____ means to protect ourselves from any kind of price fluctuations.
(a) Arbitrage
(b) Speculation
(c) Hedging
(d) Liability
- (2) _____ are money market instruments issued by the Government of India for 91 days, 182 days and 364 days.
(a) Commercial Bills
(b) Money Bills
(c) Call Money
(d) Treasury Bills
- (3) Market for borrowing and lending of short-term funds is called _____.
(a) Capital Market
(b) Money Market
(c) Gilt-edged Market
(d) Derivative Market
- (4) _____ services are not offered by merchant bankers.
(a) Loan syndication
(b) Venture capital financing
(c) Advisory services
(d) Loan and deposit
- (5) Call and Put come under _____ contracts.
(a) Forward
(b) Options
(c) Futures
(d) Swap
- (6) When inflation rises due to increase in cost of production, it is called _____.
(a) Demand-pull inflation
(b) Credit inflation
(c) Cost-push inflation
(d) Hyperinflation
- (7) _____ plans allow the shareholder to reinvest all cash dividends directly into the purchase of additional shares of the corporation.
(a) REPO
(b) DRIPS
(c) Reverse REPO
(d) IPO
- (8) _____ capital is raised by issue of shares and ploughing back of profits.
(a) Owned Capital
(b) Fixed Capital
(c) Borrowed Capital
(d) Floating Capital

(9) _____ is a financial tool that pools assets from shareholders to invest in securities like stocks, bonds.

- (a) Venture capital
- (b) Mutual funds
- (c) Stock Broking
- (d) Bank

(10) There are _____ components of the financial system.

- (a) 6
- (b) 5
- (c) 3
- (d) 4

(B) State whether the following statements are true or false. (Attempt any 7) (07)

- (1) Fund based and fee based are types of financial services.
- (2) The interests (coupons) on corporate bonds are taxable.
- (3) When viewed from the perspective of the buyer, the transaction is called Reverse REPO.
- (4) Secondary market is also known as the New-Issue market.
- (5) Equities don't represent the ownership of the company.
- (6) Financial services are tangible in nature.
- (7) The organized sector is largely made up of moneylenders and indigenous bankers.
- (8) Since nationalization in 1949, RBI is fully owned by the Government of India.
- (9) Issuing shares in the primary market is mandatory before listing on the stock exchange.
- (10) Money markets do not have a specific location.

Q.2 (A) Discuss various financial intermediaries. (15)

OR

Q.2 (P) What is inflation? Explain the causes of inflation. (08)

(Q) Differentiate between savings and investment. (07)

Q.3 (A) Explain the classification of Financial Markets. Explain its functions. (15)

OR

Q.3 (P) State the objectives and functions of SEBI. (08)

(Q) Distinguish between Primary and Secondary Markets. (07)

Q.4 (A) State and explain the characteristics of financial instruments. (08)

(B) Explain the types of derivatives. (07)

OR

Q.4 (P) Explain the classification of financial instruments. (08)

(Q) Explain the various sources of capital in an organisation. (07)

Q.5 (A) How is merchant banking different from commercial banking? (08)

(B) What is the meaning of financial services? Explain its importance. (07)

OR

Q.5 Write short notes on (Attempt any 3) (15)

- (1) Bond Market
- (2) DRIPS
- (3) BSE
- (4) Credit Cards
- (5) Role of Capital Market