

FOURTH SEMESTER P.G. DEGREE EXAMINATION, MARCH 2020

(CCSS)

Economics

ECO 4E 07—INDIAN FINANCIAL SYSTEM

(2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

1. The informal financial system in India consists of :
 - a) Individual moneylenders.
 - b) RBI.
 - c) SEBI.
 - d) All the above.
2. Insider Trading is related to :
 - a) Money market.
 - b) Taxation.
 - c) Share market.
 - d) Financial system.
3. Which among the following is related to 'Dow Jones' ?
 - a) Share market index of New York exchange market.
 - b) Gold price index of World Gold Council.
 - c) Share market index of Cochin Stock Exchange.
 - d) All the above.
4. The capital market in India is regulated by :
 - a) RBI.
 - b) SEBI.
 - c) SBI.
 - d) Government.
5. Which among the following is an instrument traded in the Indian money market ?
 - a) T - bills.
 - b) Commercial papers.
 - c) Certificates of deposits.
 - d) All the above.
6. Liquid Adjustment Facility is operated through :
 - a) CRR
 - b) SLR.
 - c) Repos and reverse repos
 - d) Time liabilities.

Turn over

7. The different traders in derivative market are :
- a) Hedger.
 - b) Share holders.
 - c) Speculator.
 - d) Both (a) & (c).
8. Which among the following is world's first electronic stock market ?
- a) BSE.
 - b) NIFTY.
 - c) NASDAQ.
 - d) London stock market.
9. The services rendered by financial intermediaries include :
- a) Underwriting.
 - b) Portfolio Management.
 - c) Mergers and Acquisitions.
 - d) All the above.
10. A reduction in the general availability of loans (or credit) or a sudden tightening of the conditions required to obtain a loan from the banks is known as :
- a) Credit rationing.
 - b) Credit crunch.
 - c) Recession.
 - d) Depreciation.

(10 × 1 = 10 marks)

Part B

Answer any five questions in one or two sentences.

Each question carries 2 marks.

- 11. State the role of financial intermediaries.
- 12. What is meant by Initial Public Offer ?
- 13. Define financial system.
- 14. What is inflation risk ?
- 15. What is equity ?
- 16. State the major objectives of a capital market.
- 17. What are the major activities in the secondary market ?
- 18. Differentiate between bear and bull.

(5 × 2 = 10 marks)

Part C

Answer any eight questions.

Each question carries 5 marks.

- 19. What are the major indicators of financial development ?
- 20. Describe the functions and the characteristic features of a money market.

21. What are the major features of primary market ?
22. Explain the role of SEBI in capital market.
23. What is the link between financial sector and economic development ?
24. Explain collateralized borrowing and lending obligation.
25. Explain the characteristic features of stock exchanges.
26. Examine the role and objectives of SENSEX.
27. Describe the various credit rating agencies in India.
28. Briefly explain Liquidity Adjustment Facility.
29. What are the major merits and drawbacks of foreign capital flows.?
30. Explain the role of RBI as regulator and supervisor of the financial system.

(8 × 5 = 40 marks)

Part D

*Answer any **two** questions.*

Each question carries 10 marks.

31. Examine the nature and role of financial institutions and financial markets in India.
32. Illustrate an overview of Indian money market.
33. Critically explain the growth of capital market in India.
34. Describe the various types of derivatives and distinctive features of derivative market.

(2 × 10 = 20 marks)