

**MASTER OF COMMERCE  
SECOND SEMESTER  
FINANCIAL MARKETS & INSTITUTIONS  
MCM-205**

Duration : 3 hrs.

Full Marks: 70

Time : 20 min.

[ PART-A: Objective ]

Marks : 20

*Choose the correct answer from the following:*

*1X20=20*

1. \_\_\_\_\_ allocates saving efficiently in an economy to ultimate users either for investment in real assets or for consumption. (Fill in the gap)
  - a. Economic system
  - b. Banking system
  - c. Financial system
  - d. Market system
2. Which of the following is not a regulatory institution in Indian financial system?
  - a. RBI
  - b. CIBIL
  - c. SEBI
  - d. IRDA
3. Which one of the following is the regulator of Money market?
  - a. Reserve Bank of India
  - b. Government of India
  - c. Telecom Regularity Authority
  - d. Insurance Regularity Department
4. Which one of the following is not related to Money Market?
  - a. Treasury Bills
  - b. Commercial Bills
  - c. Certificates of Deposit
  - d. Shares
5. Which of the following statement is true about Commercial Paper?
  - A. It is traded in the money market
  - B. It is a promissory note
  - C. It was introduced in 1990
  - D. It is a secure Instrument
  - a. Option A & B are correct
  - b. Option C & D are correct
  - c. Option A, B & C are correct
  - d. All the options are correct
6. Which of the following statement is true about Certificates of Deposits?
  - A. It is secure instrument in comparison of Commercial Paper
  - B. It is a promissory note
  - C. It is traded in Capital Market
  - D. It was introduced in 1990
  - a. Option C & D are false
  - b. Option A & B are false
  - c. Option A, C & D are correct
  - d. All the options are correct

7. Commercial Bill is a type of \_\_\_\_\_. (Fill in the blank)
- Promissory Note
  - Cheque
  - Stamp
  - Bill of exchange
8. Which one of the following organizations provides a guarantee to the exporters?
- EXIM Bank
  - Export Credit Guarantee Corporation
  - Director General Foreign Trade
  - Reserve Bank of India
9. The financial Market where debt and stocks are traded and maturity period is more than a year is classified as:
- Shorter term Markets
  - Capital Markets
  - Counter Markets
  - Long-term Markets
10. The market in which new Securities are issued by the Corporations to raise funds are called:
- Primary Markets
  - Secondary Markets
  - Gross Markets
  - Proceeds Markets
11. Which one is not a development steps taken for Capital Market?
- Open Outcry
  - Book Building
  - Establishing SEBI
  - Screen Based Trading
12. In primary market, the first time issued shares to be publicly traded, in stock market is considered as:
- Traded Offering
  - Public Markets
  - Issuance Offering
  - Initial Public Offering
13. The Components of Capital Market are:
- Equity Market
  - Debt Market
  - Derivative Market
  - All of the above
14. Maintaining a foreign currency account is helpful to:
- Avoid transaction cost
  - Avoid exchange risk
  - Avoid both transaction cost and exchange risk
  - Avoid exchange risk and domestic currency depreciation
15. The exchange rate is:
- The price of one currency relative to gold
  - The value of a currency relative to inflation
  - The change in the value of money over time
  - The price of one currency relative to another
16. SEBI was primarily set up to:
- regulate the activities of the merchant banks
  - to control the operations of mutual funds



- c. to work as a regulator of the stock exchange activities      d. all of the above

17. Which of the following statement is NOT correct about the SEBI?

- a. At present it is a non statutory body      b. At present it is a statutory body  
c. It got statutory powers by an ordinance in 1992      d. SEBI is managed by 6 members

18. Choose the correct options

Statement - A: The minor can enter into an insurance contract.

Statement B: The person with an unsound mind cannot enter into an insurance contract.

- a. Both statements are correct      b. Both statements are wrong  
c. Statement A is correct      d. Statement B is correct

19. Choose the correct option...

- A. In an insurance contract, an insurer makes an offer and the prospect accepts it.  
B. In an insurance contract, a prospect makes an offer and an insurer accepts it.  
C. In an insurance contract, an offer and acceptance is not a requirement.  
D. In an insurance contract, no principles of contract are applicable.

- a. OPTION A & B      b. OPTION B  
c. OPTION C & D      d. ALL OF THE ABOVE

20. Choose the correct options

Statement A: Insurance is a lawful business.

Statement B: Insurance is not gambling.

- a. Both statements are correct      b. Both statements are wrong  
c. Statement A is correct      d. Statement B is correct

-- --- -

7.

**( PART-B : Descriptive )**

Time: 2 HRS 40 MINS

Marks : 50

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

1. Describe the structure of Indian Financial System. 10
2. Write a short note on: 5+5=10
  - a. Factoring
  - b. Vostro and Nostro Account
3. What is the role of Security Exchange Board of India (SEBI) in investor protection? How Security Exchange Board of India (SEBI) regulate the different stock exchanges in India? Highlights the functions of National Stock Exchange (NSE) 5+3+2=10
4. Define Money market. Describe the different types of Money market. 2+8=10
5. Explain the principles of insurance contract. Describe the different types of insurance. 5+5=10
6. Write the power and role of Insurance Regulatory and Development Authority. 10
7. Why Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) are required as a credit control device in our country? 10
8. Define fee based and fund based service. Explain the types of fee based and fund based service. 4+6=10

= = \*\*\* = =