

A3F1122

SYBAF
Semester-III
14.11.2022

Financial Market Operations
(F.C.)

Duration: 2.5 Hrs.

Marks: 75

Note: i) All questions are Compulsory subject to Internal choice.

ii) Figures to the right indicate maximum marks.

Q.1 A. Fill in the blanks (Any 8)

1. The Central Banking Function in India are performed by the _____ .
2. Saving is defined as _____ income minus _____ expenditure.
3. _____ market refers to the market where borrowers and lenders exchange short term funds to solve their liquidity needs.
4. Standard and Poor's investment grade credit ratings highest is _____ .
5. _____ is a type of security that represents the ownership in a company.
6. A _____ is a card which enables cardholders to purchase goods, travel and dine without making immediate payments.
7. _____ Inflation takes place when increase in production lags behind the increase in money supply.
8. _____ is a market where existing securities are traded.
9. _____ Contracts have counter party risks.
10. _____ are in the business to take advantage of a discrepancy between prices in 2 different markets.

Q.1 B. True or False (Any 7)

1. Financial system of any country consists of only 1 ingredients.
2. Capital Market provides an effective source of investment in the economy.
3. DIPP stands for Department of Industrial Promotion and Procurement.
4. Financial Services is a part of Financial System.
5. Promotion of Savings is one of the functions of financial services.
6. The Stock Exchange is a market for old securities.
7. Short term loans involve loans with maturity of one year or less.
8. Interest rates influence the level of investment in an economy.
9. Equities are traded in Stock Markets.
10. T-Bills are long term money market instruments issued by the Government of India.

- Q.2**
- a. Explain in detail the functions of Financial System in India. **8**
 - b. What is Inflation? Explain the types of Inflation. **7**

OR

- c. Explain the Banking and Non Banking Financial Intermediaries. **8**
- d. Explain in detail about Savings and Investment. **7**

- Q.3 a. Explain the need and importance of Capital Market. 8
- b. Explain the advantages and disadvantages of Primary Market 7

OR

- c. Distinguish between Money Market and Capital Market 8
- d. Explain Bonds and its features 7

- Q.4 a. What is Financial Instrument? Explain different types of Financial Instruments. 8
- b. Explain derivatives in detail 7

OR

- c. Distinguish between Future Contracts and Option Contracts 8
- d. Explain in detail Forward Contracts 7

- Q.5 a. What are the features of Financial System 8
- b. Explain the features of Mutual Funds 7

OR

- c. **Write Short Notes (Any 3 out of 5)** 15
1. Services of Merchant Banks
 2. Limitation of Mutual Funds
 3. Capital Formation
 4. Government Bonds
 5. Debentures