

Time: 2½ hrs.

Marks: 75

Note:

1. All questions are compulsory with internal options.
2. The 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) _____ plans allow the shareholder to reinvest all cash dividends directly into the purchase of additional shares of the corporation.
 (a) Reverse REPO (b) DRIPS
 (c) REPO (d) IPO
 - (2) BSE was established in the year, _____.
 (a) 1875 (b) 1956
 (c) 1978 (d) 1992
 - (3) Which of the following is not a money market instrument?
 (a) Call Money (b) Certificate of Deposit
 (c) Commercial Bill (d) Debentures
 - (4) _____ services are not offered by merchant bankers.
 (a) Loan syndication (b) Venture capital financing
 (c) Advisory services (d) Loan and deposit
 - (5) The role of _____ is that of a financial advisor.
 (a) Merchant banker (b) Commercial banker
 (c) Lessor (d) Hire purchaser
 - (6) Market for borrowing and lending of short-term funds is called _____.
 (a) Capital Market (b) Money Market
 (c) Gilt-edged Market (d) Derivative Market
 - (7) 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
 - (8) _____ instruments do not have secondary markets.
 (a) Money Market (b) Capital Market
 (c) Equity Market (d) Debt Market
 - (9) Call and Put come under _____ contracts.
 (a) Forward (b) Options
 (c) Futures (d) Swap
 - (10) _____ means giving loans on the basis of the guarantee of a bill of exchange.
 (a) Factoring (b) Bill Discounting
 (c) Trading (d) Forfaiting

- (B) State whether the following statements are True or False. (Attempt any 7) (07)**
- (1) Financial instruments do not have any collateral value.
 - (2) Nature of loans given by merchant banks are more equity related.
 - (3) When viewed from the perspective of the buyer, the transaction is called Reverse REPO.
 - (4) Money markets do not have a specific location.
 - (5) Secondary market is also known as the New-issue market.
 - (6) Financial services are tangible in nature.
 - (7) Treasury Bills are issued at a discount and redeemed at face value on maturity.
 - (8) Forward and futures contracts have the same features.

- (9) The interests (coupons) on corporate bonds are taxable.
(10) The organized sector is largely made up of moneylenders and indigenous bankers.

- Q.2** (a) Explain in detail the Non-Banking Financial Intermediaries. (08)
(b) What is Inflation? Explain the causes of Inflation. (07)

OR

- Q.2** (p) Classify the Indian Financial System with the help of a diagrammatic representation. (08)
(q) Differentiate between Savings and Investment. (07)

- Q.3** (a) Distinguish between Primary and Secondary Markets. (08)
(b) Explain the functions of Financial Markets in India. (07)

OR

- Q.3** (p) What is Capital Market? Explain its role. (08)
(q) What is Money Market? Explain the instruments of Money Market. (07)

- Q.4** (a) What are the characteristics of financial instruments? (08)
(b) Explain the classification of financial instruments. (07)

OR

- Q.4** (p) Explain the types of derivatives. (08)
(q) Explain the various sources of capital in an organisation. (07)

- Q.5** (a) Explain the meaning of merchant banking. Discuss various services provided by merchant banking. (08)
(b) What are financial services? Explain its features. (07)

OR

- Q.5** (p) Write short notes on (Attempt any 3) (15)
(1) Hire Purchase
(2) REPO transactions
(3) SEBI
(4) Bond Market
(5) Banker's Acceptance

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