

BBA 5th Semester Exam., 2019

INDIAN FINANCIAL SYSTEM

Time : 3 hours

Full Marks : 60

Instructions :

- (i) The marks are indicated in the right-hand margin.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. **1** and **2** are compulsory.

1. Choose the correct answer of the following
(any six) : 2×6=12

(a) Which one of the following is the rate at which the RBI lends money to commercial banks in the event of any shortfall of funds?

- (i) Benchmark prime lending rate
- (ii) Annual percentage rate
- (iii) Bank rate
- (iv) Repo rate

(b) Who sets up 'base rate' for banks?

- (i) Individual Banks Board
- (ii) Interest Rate Commission of India
- (iii) RBI
- (iv) None of the above

(Turn Over)

(c) The credit control methods adopted by RBI include

- (i) quantitative control
- (ii) qualitative control
- (iii) fixed control
- (iv) Both (i) and (ii)

(d) Which of the following is/are quantitative control method(s)?

- (i) Bank rate and CRR
- (ii) Statutory liquidity ratio
- (iii) Open market operations
- (iv) All of the above

(e) RBI promotes commercial banking by

- (i) providing cheap rediscounting facilities to banks
- (ii) providing liberalized rediscounting facilities to banks
- (iii) giving subsidies to new bank
- (iv) All of the above

- (f) Which Act has given control and supervision powers to RBI over commercial banks?
- (i) The RBI Act, 1934
 - (ii) The Banking Regulation Act, 1949
 - (iii) Both the RBI Act, 1934 and the Banking Regulation Act, 1949
 - (iv) The Banking Regulation Act, 1960
- (g) The merit of issuing notes with RBI can be seen in
- (i) uniformity in note issue
 - (ii) stability in currency
 - (iii) control of credit
 - (iv) All of the above
- (h) Objective of monetary policy is to
- (i) control inflation
 - (ii) discourage hoarding of commodities
 - (iii) encourage flow of credit into neglected sector
 - (iv) All of the above

(Turn Over)

- (i) Bank rate means
- (i) rate at which commercial banks lend money
 - (ii) rate at which RBI lends to commercial bank
 - (iii) rate of interest paid by banks to its depositors
 - (iv) None of the above
- (j) Fiscal policy refers to
- (i) sale and purchase of securities by RBI
 - (ii) Government taxes, expenditure and borrowings
 - (iii) Government borrowings from abroad
 - (iv) sharing of its revenue by Central Government with States
2. Answer any *three* of the short answer-type questions : 4x3=12
- (a) Differentiate investment banking from commercial banking.
 - (b) "Banks have started providing 'one stop shopping' for their customers." Comment.
 - (c) Define NSE and OTCEL.

(d) Define the role of broker.

(e) Define convertible securities.

3. "India is widely recognized for its progressive reforms and many strong financial institutions." Do you agree with this statement? Also explain the main components in the evolution of the Indian Financial System. 12
4. Elucidate the relationship between the primary market and secondary market. Also explain the functions of the secondary markets in the orderly growth of capital formation. 12
5. Define financial system and discuss the important functions performed by it. Also explain the components and structure of Indian Financial System. 12
6. What are the major advantages of investment through mutual funds? As an investor, which considerations would be relevant for your decision to invest in mutual funds schemes? 12
7. Discuss the role of SEBI in the Indian Financial System. 12
