

**[Time: 3.00 Hrs]****[ Marks: 75 ]**

Please check whether you have got the right question paper.

**Instructions :**

1. Q1 (20 marks) & Q8 (15 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

**Q.1 Read and attempt the following:****(A) Multiple Choice Question****10 Marks**

i. Which of the following is a major component of the Indian financial system?

- a) Banking Sector
- b) Agricultural Sector
- c) Retail Sector
- d) Real Estate Sector

ii. What is one of the primary functions of the Reserve Bank of India (RBI)?

- a) Import and export regulation
- b) Monetary policy formulation
- c) Conducting local elections
- d) Setting corporate tax rates

iii. Which of the following is a leading stock exchange in India?

- a) NYSE
- b) BSE
- c) NASDAQ
- d) LSE

iv. The secondary market primarily deals with:

- a) New issues of securities
- b) Government bonds exclusively
- c) Buying and selling of existing securities
- d) Currency exchange

v. An example of an emerging market economy is:

- a) United States
- b) Germany
- c) India
- d) Japan

vi. Which of the following is NOT a type of derivative instrument?

- a) Options

- b) Futures
- c) Bonds
- d) Swaps

vii. What is the primary role of financial intermediaries?

- a) Minimize financial risk
- b) Facilitate the flow of funds between savers and borrowers
- c) Regulate financial markets
- d) Issue government bonds

viii. Which of the following is a characteristic of fixed income securities?

- a) They provide variable returns.
- b) They typically have a fixed maturity date and pay interest.
- c) They are always risk-free.
- d) They are exclusively issued by corporations.

ix. Which of the following is an example of a government-issued fixed income security?

- a) Corporate bonds
- b) Treasury bonds
- c) Equity shares
- d) Mutual funds

x. The foreign exchange market is primarily used for:

- a) Trading commodity options
- b) Buying and selling different currencies
- c) Issuing stocks
- d) Regulating interest rates

**(B) State whether True or false.**

**10 Marks**

- i. The Indian financial system primarily consists of banks, financial institutions, and markets.
- ii. The Reserve Bank of India (RBI) is responsible for regulating the monetary policy of the country.
- iii. Stock exchanges in India operate only in the secondary market; they do not facilitate primary market transactions.
- iv. In a secondary market, securities are traded among investors after they have been issued in the primary market.
- v. Emerging markets offer lower risk compared to developed markets due to their growing economies.
- vi. Derivatives are financial instruments whose value is derived from an underlying asset or benchmark.
- vii. Financial intermediaries primarily facilitate transactions between borrowers and lenders.
- viii. Fixed income securities are instruments that provide returns in the form of regular interest payments.
- ix. Fixed Income Securities - II focuses on understanding equity markets and their functionalities.

- x. The foreign exchange market is the largest and most liquid financial market in the world.

**Q.2 Attempt any Two of the following:**

**10 Marks**

- i. What are the key components of the Indian Financial System?
- ii. Explain the role of financial institutions in promoting economic development in India.
- iii. How does the Indian financial system support savings and investments among individuals and businesses?

**Q.3 Attempt any Two of the following:**

**10 Marks**

- i. How does the RBI's monetary policy influence inflation and economic growth within the framework of the Integrated Financial System (IFS)?
- ii. In what ways does the RBI ensure financial stability and regulate liquidity in the market through its monetary policy measures?
- iii. How does the collaboration between the RBI and other financial institutions contribute to the effectiveness of monetary policy in the IFS?

**Q.4 Attempt any Two of the following:**

**10 Marks**

- i. How have stock exchanges evolved over time to influence the financial landscape of a country?
- ii. What role do primary markets play in facilitating capital formation and economic growth within a nation?
- iii. In what ways do the operations of stock exchanges impact investor confidence and market stability in a country's economy?

**Q.5 Attempt any Two of the following:**

**10 Marks**

- i. What are the differences between primary and secondary markets in India?
- ii. Describe the process of an Initial Public Offering (IPO) and its importance for companies in the primary market.
- iii. How do stock exchanges facilitate the trading of securities in India, and what are the major stock exchanges in the country?

**Q.6 Attempt any Two of the following:**

**10 Marks**

- i. Define fixed income securities and discuss their characteristics.
- ii. What are the different types of fixed income securities available in India?
- iii. How do interest rates affect the pricing of fixed income securities?

**Q.7 Attempt any Two of the following:**

**10 Marks**

- i. What are the risks associated with investing in fixed income securities?
- ii. How can investors differentiate between high-quality and low-quality fixed income securities?
- iii. Discuss the role of fixed income securities in an investment portfolio.

**Q.8 Write short notes on Any three from the following:**

**15Marks**

- i. Hedge funds
- ii. Investment Banking
- iii. Derivates
- iv. Intermediaries
- v. Bonds

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