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## BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – BBA-2022

Course Name – Financial Institutions and Markets

Course Code - BBAC602

( Semester VI )

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Select the primary role of financial markets in the financial system.
  - a) Setting government policies
  - b) Facilitating the transfer of funds between savers and borrowers
  - c) Managing corporate operations
  - d) Controlling inflation rates
- (ii) Which institution regulates the financial system in most countries?
  - a) Ministry of Finance
  - b) Securities and Exchange Commission (SEC) or its equivalent
  - c) Commercial Banks
  - d) International Monetary Fund (IMF)
- (iii) Identify the primary purpose of financial intermediaries.
  - a) To directly lend to governments
  - b) To bridge the gap between savers and borrowers
  - c) To print and distribute currency
  - d) To regulate international trade policies
- (iv) Which financial market deals with long-term securities?
  - a) Money Market
  - b) Capital Market
  - c) Forex Market
  - d) Derivatives Market
- (v) Identify the major role of the Central Bank in economic development.
  - a) Managing inflation and interest rates
  - b) Controlling stock prices
  - c) Setting trade tariffs
  - d) Collecting taxes
- (vi) State the effect of financial liberalization on economic growth.
  - a) Decreases investment opportunities
  - b) Improves capital flow and market efficiency
  - c) Reduces financial inclusion
  - d) Increases government intervention
- (vii) Identify the key instrument traded in the Money Market.
  - a) Corporate Bonds
  - b) Treasury Bills
  - c) Equity Shares
  - d) Preference Shares
- (viii) Identify the role of SEBI in regulating the Capital Market.
  - a) Manages monetary policy
  - b) Controls government securities market

- c) Protects investors and regulates stock exchanges  
d) Issues bonds to the public
- (ix) Cite a major tool used by the Central Bank to control liquidity in the Money Market.  
a) Open Market Operations  
b) Foreign Direct Investment  
c) Capital Gains Tax  
d) Dividend Declaration
- (x) Cite the reserve requirement ratio set by the Central Bank to control credit.  
a) Dividend Payout Ratio  
b) Cash Reserve Ratio  
c) Earnings Per Share  
d) Asset Turnover Ratio
- (xi) Cite the minimum public shareholding (MPS) requirement for listed companies in India.  
a) 0.15  
b) 0.25  
c) 0.35  
d) 0.5
- (xii) Predict the result of an increase in interest rates by commercial banks.  
a) Increase in borrowing  
b) Decrease in bank deposits  
c) Higher savings by customers  
d) Increase in loan defaults
- (xiii) Predict the effect of high non-performing assets (NPAs) on a commercial bank.  
a) Increase in profits  
b) Decrease in bank's financial stability  
c) Increase in customer deposits  
d) Growth in loan disbursement
- (xiv) Identify the correct example of derivative securities.  
a) Swap contract  
b) Option contract  
c) Future contract  
d) All of the above
- (xv) Choose the accurate option by which moral hazard induced by regulation can solely be eradicated from financial transactions.  
a) Regulations are regularly revised to keep pace with the changing  
b) The regulations prevent agency capture  
c) All regulation is self-regulation  
d) Participants in the finance industry do not feel protected by the regulations

#### Group-B

(Short Answer Type Questions)

3 x 5=15

2. Examine the role of financial markets in economic development. (3)
3. State the impact of financial reforms on the Indian financial system. (3)
4. Discuss the role of the central bank in the money market. (3)
5. Explain how working capital finance supports business operations. (3)
6. Explain the concept and benefits of factoring services. (3)

OR

Explain the purpose and functioning of bank guarantees. (3)

#### Group-C

(Long Answer Type Questions)

5 x 6=30

7. Determine the difference between life and non-life insurance companies in India. (5)
8. Express the contribution of mutual funds to capital market development. (5)
9. Discriminate between Consumer Finance and Housing Finance. (5)
10. Justify the significance of venture capital financing in supporting startup growth and innovation. (5)
11. Explain financial inclusion. (5)
12. Explain the impact of digital banking on India's economic development. (5)

OR

Analyze the major instruments of the capital market. (5)

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