

- a) exist because there are substantial information and transaction costs in the economy.
- b) improve the lot of the small saver.
- c) are involved in the process of indirect finance.
- d) do all of the above.

(ix) The transaction cost of trading of financial instruments in centralized market is classified as

- a) flexible costs
- b) low transaction costs
- c) high transaction costs
- d) constant costs

(x) The liquidity status of certificate of deposit which is more negotiable _____ identify

- a) certified liquidity
- b) term liquidity
- c) more liquid
- d) less liquid

(xi) The money market where debt and stocks are traded and maturity period is more than a year is described as

- a) shorter term markets
- b) capital markets
- c) under markets
- d) longterm markets

(xii) In foreign financial markets, identify the factor that represents growth

- a) savings in foreign countries
- b) investment opportunities
- c) accessible information
- d) all of above

(xiii) Identify the functions of a financial system? 1. The operation of a payments system. 2. Providing the means of portfolio adjustment. 3. Helping to reduce unemployment. 4. Channelling funds between lenders and borrowers. 5. Helping speculators to bet on price movements.

- a) 1 and 5
- b) 2, 3 and 5
- c) 1, 2 and 4
- d) 2 to 5

(xiv) Statutory regulation is likely to create larger compliance costs than self-regulation. State the reason

- a) self-regulation does not involve lawyers and the courts.
- b) consumers are better able to assess risk under self-regulation.
- c) statutory regulators are often over-cautious.
- d) statutory regulation is controlled by consumers.

(xv) Enumerate the public debt of a country is not necessarily a burden on the economy to the extent that:

- a) it grows less rapidly than GDP.
- b) people receive good public services.
- c) people are happy to hold government bonds.
- d) it can be financed without adding to inflation.

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Group-B
(Short Answer Type Questions)

3 x 5=15

- 2. Financial Instruments helps in mobilisation of funds. Interpret (3)
- 3. Describe what is an IPO (3)
- 4. Define primary or direct security (3)
- 5. How will you describe the degree of integration among different sub-markets of Indian money market? (3)
- 6. Evaluate the features of Bills of Exchange (3)

OR

Illustrate the commercial papers as an instrument in the Indian money market. (3)

Group-C
(Long Answer Type Questions)

5 x 6=30

- 7. Describe functions of SEBI (5)

- 8. Distinguish between direct finance and indirect finance. (5)
 - 9. Classify different L-term source of finance (5)
 - 10. Evaluate the features of Equity Share Capital (5)
 - 11. Evaluate banking ombudsman scheme (5)
 - 12. Distinguish between SLR and CRR (5)
- OR**
- justify the role of credit rating agency (5)

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