

PARUL UNIVERSITY
FACULTY OF ARTS
B.Arts Winter 2019 – 20 Examination

Semester: 05
Subject Code:15101330
Subject Name: Indian Financial System

Date: 28/11/2019
Time: 2.00 pm to 4.30 pm
Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**(08)****A. Multiple choice type questions. (Each of 0.5 mark)**

1. Flow of funds means:
 - a) Savings
 - b) Investment
 - c) Capital
 - d) Money
2. Who is the intermediary between savers & investors?
 - a) Financial market
 - b) Economic environment
 - c) Financial system
 - d) Financial environment
3. Full form of RBI is:
 - a) Reserve banking in India
 - b) Remittance bank of India
 - c) Reserve bank of India
 - d) Reserve banking of India
4. Which bank acts as the central bank of India?
 - a) NABARD
 - b) Central bank of India
 - c) Bank of India
 - d) None of the above
5. How many commercial banks have been nationalized by the government?
 - a) 10
 - b) 20
 - c) 25
 - d) 30
6. The 3 important part of financial system are:
 - a) Debit, credit & money
 - b) Money, finance & credit
 - c) Share, debentures & capital
 - d) Bills, policies & papers
7. As a protective function, SEBI makes sure about:
 - a) Checking price rigging
 - b) Promotes fair trade practices
 - c) Prohibits insider trading
 - d) All of the above
8. The individuals who invest in shares of any company are known as
 - a) Investors
 - b) Bankers
 - c) Underwriters
 - d) Intermediator

9. Tax -free bonds are issued by:
 - a) Companies
 - b) Government
 - c) both (a) & (b)
 - d) None of them
10. Corporate bonds are issued by:
 - a) Government
 - b) Companies
 - c) banks
 - d) All of them
11. Policyholders are the individuals who have purchased:
 - a) Loan
 - b) Insurance
 - c) Debentures
 - d) Bonds
12. Fiscal policy means _____
 - a) Investment in business
 - b) Investment by government for economic growth
 - c) Share marketing
 - d) Foreign exchange management
13. Which bank issues currency of the country?
 - a) Commercial bank
 - b) Industrial bank
 - c) Development bank
 - d) Central bank
14. Assets are the ones which:
 - a) Can be converted into cash
 - b) Can't be converted into cash
 - c) Always remains in cash form
 - d) None of the above
15. The amount of assets in any financial institution should always be _____.
 - a) Higher
 - b) Lower
 - c) Equal
 - d) Can be anything
16. For a company salary of its employees is:
 - a) A liability
 - b) An asset
 - c) Monetary benefit
 - d) None of the above

B. Terms/ Short notes/ Case study/ Charts/ Graphs/ Tables, etc. (Each of 01 mark)

(07)

1. What is the full form of IRDAI?
2. What is the full-form of SEBI?
3. Credit creation is the secondary function of commercial banks. True or false?
4. State the meaning of Bank.
5. Define Trade.
6. Define Barter exchange.
7. Define Money.

Q.2 Answer the following.

- A. State the meaning of Money market & explain any 3 instruments of it. **(04)**
- B. Explain the four major distinctions between the capital market & money market. **(04)**
- C. State the secondary functions performed by the commercial banks. **(04)**

OR

- C. Explain any four objectives of fiscal policy. **(04)**

Q.3 Answer the following.

- A. Make a note on Indian bond market & also briefly explain the two major types of bonds. **(05)**
- B. Discuss the valuable functions of a financial system for the economic growth of a country. **(05)**
- C. State the important missions of IRDAI. **(05)**

OR

C. Describe the various important functions of RBI as an important financial institution of Indian financial system. **(05)**

Q.4 Answer the following.

A. Elaborate any six functions of IRDAI as a capital market institution. **(06)**

B. Discuss about any six major money-market reforms in India. **(06)**

C. Explain the recent developments in capital market of India. **(06)**

OR

C. Explain how the process of credit creation takes place in a banking system. **(06)**