

Note: 1. All Questions are Compulsory

2. Figures to the right indicate full marks.

Q.1.(A) Select the correct alternative out of the options given below: (Any 8)

(8M)

1. ____ takes place when increase in production lags behind the increase in money supply.
(a) Demand pull inflation; (b) Open Inflation; (c) Cost Pull Inflation; (d) Close Inflation
2. Value of money ____ with the occurrence of interest.
(a) Increases; (b) Depreciates; (c) Appreciates; (d) Stays Same
3. Capital formation increases the ____ in the economy which in turn increases the productive capacity or potential of the society.
(a) Inflation; (b) Savings; (c) Investment; (d) Real Capital
4. The ____ is a market for old securities, i.e., those which have been already issued and listed.
(a) Secondary Market; (b) Financial Market; (c) Debt Market; (d) Primary Market
5. Treasury bills are ____ securities and pay no interest.
(a) Debt; (b) Zero Coupon; (c) Money Market; (d) Primary Market
6. ____ is the person who buys the right conveyed by the option.
(a) Forward holder; (b) Option holder; (c) Bond Holder; (d) SDRs Holder
7. ____ is the price at which the contract is settled.
(a) Option Price; (b) Maximum Price; (c) Exercise Price; (d) Derivative Price
8. A ____ is an investment vehicle that allows several investors to pool their resources in order to purchase stocks, bonds and other securities.
(a) Securities; (b) Mutual Fund; (c) Debentures; (d) Derivative
9. The 'financial service' can also be called ____.
(a) Financial Help; (b) Financial Bank; (c) Debentures; (d) Financial Intermediation
10. Options which may be exercised at any time prior to their expiration is called ____.
(a) American Style; (b) Indian Style; (c) Normal Style; (d) Financial Style

Q.2.(B) State whether the following statements are TRUE or FALSE: (Any 7)

(7M)

1. Financial Services is a part of the Financial System.
2. Interest rates influence the level of investment in an economy.
3. The primary market provides the channel for sale of securities.
4. Treasury bills or T-bills, are Long term money market instruments issued by the Government of India.
5. Secondary market essentially comprises stock exchanges which provide a platform for purchase and sale of securities by investors.
6. SDRs are treated as the IMF's liability.
7. Hedgers don't face risk associated with the price of an asset.
8. Stock future contract is a standardized contract to buy or sell a specific stock at a future date at an agreed price.
9. Promotion of Savings is one of the functions of Financial Services.
10. DIPP stands for Department of Industrial Promotion and Procurement.

Q.2. Answer the following:

1. Explain in detail Capital Formation? (8M)
2. What is Inflation? What are various types of inflation? (7M)

OR

1. Explain the Importance of Interest Rate Reforms? (8M)
2. Explain the overview of the Financial System in India? (7M)

Q.3. Answer the following:

1. Explain the classification of the Financial Market? (8M)
2. Distinguish between New issue market and Stock Exchange? (7M)

OR

3. Explain the Functions of the Money Market? (8M)
4. Write a note on Security Market? (7M)

Q.4. Answer the following:

1. Explain Derivatives Market in India. Its purpose and benefits? (8M)
2. Explain the Distinction between Futures v/s Forwards? (7M)

OR

3. Write a note on Classification of Financial Instruments? (8M)
4. Explain the Types of Derivative Contracts? (7M)

Q.5. Answer the following:

1. Explain the Services provided by Merchant Banks in India? (8M)
2. What is Financial Services? Explain the Features of Financial Services? (7M)

OR

Q.5. Write short notes on: (Any 3 out of 5)

(15M)

1. Scope of Merchant Banking in India
3. Equity Funds
3. Role of Mutual Funds
4. Difference between Credit Card and Debit Card
5. Demerits of Credit Cards

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