SECOND SEMESTER REGULAR / BACK EXAMINATION, 2015-16

FINANCIAL MARKETS AND INSTITUTIONS

Time: 3 Hours

Max marks: 70

Q.Code : W 463

Answer Question No.1 which is compulsory and any five from the rest.

The figures in the right hand margin indicate marks.

Q1   **Answer the following questions:**   **(2 x 10)**
- **a)** What does Financial market facilitate?
- **b)** Name some of the specialized financial institutions operating in India.
- **c)** When and why SIDBI was established?
- **d)** Why Capital market exists?
- **e)** Bring out the difference between Rights issue and Preferential issue.
- **f)** What do"Demutualization" mean?

- **g)** What do the circuit breakers or price bands bring about?

- **h)** What roles do commercial banks play?
- **i)** Why margin is insisted upon in case of loans?
- **j)** Define the principle of contribution and the principle of subrogation?

Q2   What role do Financial institutions play as a Financial   **10**
intermediary in Financial market? Discuss.

Q3		State and explain the major constituents of the organized Money Market in India.	**10**
Q4		State and explain the regulations governing primary capital market in India.	**10**
Q5		Discuss in detail how trading on stock exchanges in India takes place?	**10**
Q6	(a)	What is letter of credit? What is its significance in financing foreign trade?	**5+5=10**
	(b)	The RBI reportedly had imposed fines totaling Rs.49.5 crore on 22 private and public sector banks in July 2013 for violating KYC/Anti money laundering norms. In order to avoid such recurrence, what policy framework do you suggest for banks?	
Q7		"Good faith lies at the root of the insurance contract". Discuss the principle with reference to life and non-life insurance business.	**10**
Q8	(a)	A wants to transfer funds electronically to B in Mumbai and C in Kolkata respectively. A lives in Bhubaneswar and he has a bank account there. Advise A about right modes of transfer of funds and explain to him various features of EFT.	**5+5=10**
	(b)	Is Insurable interest necessary in all forms of insurance? If so, at what stages?	