



Name:

Enrolment No:

UPES

End Semester Examination, December 2023

Course: Financial Institutions and Markets

Program: INT BBA MBA

Course Code: FINC 3024

Semester: V

Time: 03 hrs.

Max. Marks: 100

Instructions:

SECTION A  
10Qx2M=20Marks

S. No.		Marks	CO
Q. 1	The National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are the two primary stock exchanges in India. Choose the correct answer and provide an explanation:  a. True    b. False	2	CO1
Q. 2	Which entity is responsible for the regulation of money supply in India? A) SEBI B) RBI C) IRDA D) NABARD	2	CO1
Q. 3	How does Liquidity Management contribute to the stability of a bank? A) By managing the availability of cash and liquid assets to meet obligations B) By investing in long-term assets C) By minimizing loan disbursements D) None of the above	2	CO1
Q. 4	What is Book Building in the context of the Capital Market? A) A method of issuing securities where the price is determined later B) A type of accounting method C) A method of dividend distribution D) None of the above	2	CO1
Q. 5	Which policies fall under the purview of the Monetary and Fiscal policies? A) Interest rate policy and Taxation policy B) Credit policy and Exchange rate policy C) Money supply policy and Government spending policy D) None of the above	2	CO1

<b>Q.6</b>	What is the significance of Non-Banking Financial Companies (NBFCs) in the financial system? A) They provide insurance services B) They complement the role of traditional banks in providing credit C) They regulate the stock market D) None of the above	<b>2</b>	<b>CO1</b>
<b>Q. 7</b>	Reforms in the Indian Capital Market aim to increase transparency and investor protection. Choose the correct answer and provide an explanation:  a. True      b. False	<b>2</b>	<b>CO1</b>
<b>Q. 8</b>	Development Financial Institutions (DFIs) primarily provide long-term financing for industrial projects. Choose the correct answer and provide an explanation:  a. True      b. False	<b>2</b>	<b>CO1</b>
<b>Q. 9</b>	What are Non-Performing Assets (NPAs) in the banking industry? A) Assets that generate low-interest income B) Assets that do not perform well in the stock market C) Loans that are not repaid as per schedule D) None of the above	<b>2</b>	<b>CO1</b>
<b>Q. 10</b>	Private Placements involve the sale of securities directly to retail investors. Choose the correct answer and provide an explanation:  a. True      b. False	<b>2</b>	<b>CO1</b>
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
<b>Q.11</b>	What are the primary objectives of a country's monetary policy	<b>5</b>	<b>CO2</b>
<b>Q. 12</b>	Explain the concept of the RBI acting as the 'lender of last resort'.	<b>5</b>	<b>CO2</b>
<b>Q.13</b>	What is a private placement?	<b>5</b>	<b>CO2</b>
<b>Q.14</b>	Could you differentiate between major market players like commercial banks, central banks, corporations, and retail traders?	<b>5</b>	<b>CO2</b>
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			
<b>Q.15</b>	Apply your knowledge to identify the key elements comprising the Indian financial system.	<b>10</b>	<b>CO3</b>
<b>Q.16</b>	Apply your understanding to explain what book building is in the context of capital markets. Describe the steps involved in the book building process for an initial public offering (IPO).	<b>10</b>	<b>CO3</b>

<b>Q.17</b>	Apply your knowledge to explain what securitization is and how it differs from traditional forms of financing. Provide an example to illustrate how securitization transforms illiquid assets into tradable securities.	<b>10</b>	<b>CO3</b>
<b>SECTION-D</b> <b>2Qx15M= 30 Marks</b>			
<b>Q.18</b>	<p>Assess the role of central banks in supporting liquidity management in the financial system. Explore how tools like open market operations and standing lending facilities contribute to stabilizing financial institutions' positions</p> <p style="text-align: center;"><b>Or</b></p> <p>Provide a comprehensive explanation of prospect theory, emphasizing critical elements such as value function, weighting function, and loss aversion. Illustrate how these elements impact decision-making in financial contexts.</p>	<b>15</b>	<b>CO4</b>
<b>Q.19</b>	<p>Analyze the key tools that central banks employ to conduct monetary policy. Examine how instruments like the policy interest rate, open market operations, and reserve requirements influence the money supply and interest rates in an economy.</p> <p style="text-align: center;"><b>Or</b></p> <p>Analyze what Non-Performing Assets (NPAs) are and how they impact the profitability and lending capacity of commercial banks. Additionally, assess the strategies that banks can employ to effectively manage and reduce NPAs within their loan portfolios.</p>	<b>15</b>	<b>CO4</b>