


**SIDDHARTH GROUP OF INSTITUTIONS:: PUTTUR (AUTONOMOUS)**

Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)**
**Subject with Code: Financial Markets and  
Services ( 19MB9029)**
**Course & Branch:MBA**
**Regulation: R19**
**Year & Sem: II-MBA & I-Sem**
**UNIT –I**
**FINANCIAL MARKETS & SERVICES**

<b>1</b>	Discuss the role of financial system in the economic development of a country.	[L2][CO1]	<b>[10M]</b>
<b>2</b>	Write short notes on the following items:	[L1][CO2]	<b>10M</b>
	a) Cash Reserve Ratio	[L1][CO2]	<b>3M</b>
	b) Bank Rate	[L1][CO2]	<b>3M</b>
	c) Bank innovation	[L1][CO2]	<b>4M</b>
<b>3</b>	Define financial system and discuss its important function.	[L2][CO2]	<b>[10M]</b>
<b>4</b>	Elucidate the Elements of financial system and economic development.	[L2][CO1]	<b>[10M]</b>
<b>5</b>	What are the important functions of Reserve Banks of India?	[L1][CO2]	<b>[10M]</b>
<b>6</b>	Briefly discuss the various techniques used for monetary control or maintain the price stability in India.	[L2][CO2]	<b>[10M]</b>
<b>7</b>	Explain the various objectives of monetary policy of Reserve Bank of India.	[L2][CO2]	<b>[10M]</b>
<b>8</b>	Trace out the development of the financial system in India.	[L2][CO2]	<b>[10M]</b>
<b>9</b>	What is monetary policy? Discuss the techniques of monetary control of RBI.	[L1][CO2]	<b>[10M]</b>
<b>10</b>	Describe the functions of RBI and write about monetary policy.	[L2][CO2]	<b>[10M]</b>

**UNIT –II**  
**FINANCIAL MARKETS & SERVICES**

<b>1</b>	Write a short notes on :	[L1][CO2]	[10M]
	a)private bank	[L1][CO2]	[5M]
	b)public bank	[L1][CO2]	[5M]
<b>2</b>	“Commercial banks are special among the intermediaries for the development of the economy”. Justify.	[L5][CO2]	[10M]
<b>3</b>	Why the importance of co-operative banks in India? Explain the nature of the co- operative banks.	[L1][CO3]	[10M]
<b>4</b>	Make a note on banking innovations.	[L2][CO3]	[10M]
<b>5</b>	Briefly explain the different life insurance policies in India.	[L3][CO2]	[10M]
<b>6</b>	Explain the structure and performance of banking institutions.	[L2][CO3]	[10M]
<b>7</b>	Discuss the role of insurance companies as well as IRDA.	[L2][CO2]	[10M]
<b>8</b>	Why is the general insurance market is smaller than the life insurance market in India?	[L1][CO2]	[10M]
<b>9</b>	Explain in brief about growth and structure of mutual funds in India.	[L2][CO3]	[10M]
<b>10</b>	Elucidate the Indian insurance industry and its regulations.	[L2][CO3]	[10M]

UNIT –III  
**FINANCIAL MARKETS & SERVICES**

<b>1</b>	Show the classification of Indian financial markets in the form of a chart and explain the features of each market.	[L2][CO2]	<b>[10M]</b>
<b>2</b>	What is a commercial paper? Explain its benefits to Industries.	[L1][CO2]	<b>[10M]</b>
<b>3</b>	Explain the relationship between Money market and Capital market.	[L2][CO3]	<b>[10M]</b>
<b>4</b>	Write an essay on the functions of New Issue Market.	[L1][CO2]	<b>[10M]</b>
<b>5</b>	Elucidate the role and functions of SEBI.	[L2][CO3]	<b>[10M]</b>
<b>6</b>	What do you mean by listing of securities? Explain its process.	[L1][CO3]	<b>[10M]</b>
<b>7</b>	What do you know about certificate of deposit?	[L2][CO3]	<b>[10M]</b>
<b>8</b>	Distinguish between t-bill market and government securities market.	[L3][CO2]	<b>[10M]</b>
<b>9</b>	Describe in detail the method of trading in a stock exchange.	[L2][CO3]	<b>[10M]</b>
<b>10</b>	Explain the trading and settlement procedure in stock exchanges.	[L2][CO3]	<b>[10M]</b>

**UNIT –IV**  
**FINANCIAL MARKETS & SERVICES**

<b>1</b>	Discuss briefly some of the innovative financial instruments introduced in recent times in the financial services sector.	[L2][CO4]	[10M]
<b>2</b>	Illuminate the importance of housing finance.	[L2][CO2]	[10M]
<b>3</b>	Explain the different types of factoring and their significance.	[L2][CO3]	[10M]
<b>4</b>	What is venture capital? Explain the various stages of venture capital financing.	[L1][CO3]	[10M]
<b>5</b>	Elucidate the Consumer credit.	[L2][CO4]	[10M]
<b>6</b>	Distinguish between hire purchase and lease.	[L2][CO4]	[10M]
<b>7</b>	Explain the guidelines for venture capital in India.	[L5][CO3]	[10M]
<b>8</b>	Discriminate between hire purchase and installment lease.	[L2][CO3]	[10M]
<b>9</b>	Differentiate between financial lease and operating lease.	[L2][CO4]	[10M]
<b>10</b>	Write a short notes on :	[L1][CO4]	[10M]
	a) Venture capital	[L1][CO4]	[5M]
	b) Housing finance	[L1][CO4]	[5M]

**UNIT –V**  
**FINANCIAL MARKETS & SERVICES**

<b>1</b>	Illuminate the services of merchant bankers.	[L2][CO4]	[10M]
<b>2</b>	Classify the brokers and explain their functions.	[L2][CO2]	[10M]
<b>3</b>	Define a depository and state the objectives of depository.	[L1][CO3]	[10M]
<b>4</b>	What are the challenges faced by the Investment bankers.	[L1][CO3]	[10M]
<b>5</b>	Explain the working of various credit rating agencies in India.	[L2][CO4]	[10M]
<b>6</b>	The scope of merchant banking is great in India. Discuss.	[L2][CO4]	[10M]
<b>7</b>	Elucidate different types of intermediaries in stock broking.	[L2][CO3]	[10M]
<b>8</b>	Write a short notes on :	[L2][CO3]	[10M]
	a) CRISIL	[L1][CO5]	[5M]
	b) ICRA	[L1][CO5]	[5M]
<b>9</b>	Discuss depository systems in India.	[L2][CO4]	[10M]
<b>10</b>	Write a short notes on :	[L1][CO5]	[10M]
	a) Underwritng	[L1][CO5]	[5M]
	b) Credit rating	[L1][CO5]	[5M]

**CASE STUDY-1****FINANCIAL MARKET**

A very famous article was published in a finance magazine. A portion of that article is present here: Financial market is not a usual market where you buy commodities but a special place where one can have all the necessary information about the different securities traded in the market. The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money. The financial experts say otherwise the job of the people involved in the securities transactions would have been really difficult. Securities get a buyer on the one hand and the seller on the other hand on a common platform—this helps in easy conversion of securities into cash. In the economies where there is no stock exchange the funds remain blocked. The money trapped in the houses should come out and flow in the economy and when they are invested in the shares of a company they have the capability to attain the maximum value. People would always like to sell securities on their own conditions. No government intervention can predict the price of securities. The stock market is a place which runs on the forces of demand and supply thus giving a security its price depending upon its demand. One wonders how the economy of a company can grow without the existence of financial market.

**Question :**

1. Identify explain the functions of financial market discussed in the above case.

**Case study -2****Stock Exchange**

Raman who is a broker in a stock exchange has to face challenging questions from society. His own family sometimes asks him to think about his decision to become a broker. He however, has full faith in the stock exchange. He knows that the membership of a stock exchange is properly regulated abiding the legal system and the public doing investment is safe in making deals. His children one day asked him the reason behind the ups and downs in the stock market. He clarified their doubt by telling them that forces of supply and demand decide the prices of securities in the secondary market. Off late he has decided to write a book on the functioning of stock exchange and its significance in the Indian economy. He is trying to highlight in his book how through the process of investment and disinvestment existing securities are sold and resold and savings are channelized into the most productive opportunities. Definitely Raman is justifying his presence in his job.

**Questions:**

1. What is the meaning of Stock Exchange?
2. Identify and briefly explain the functions of Stock Exchange discussed in the above case.
3. What is an e-IPO?

**Case study -3****Financial market**

These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.

**Questions :**

1. Name the function being performed by the market in the above case.
2. Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any three points of difference between the two.

**Case study -4**

**Financial Instruments**

Ramesh buys a financial asset from the RBI. This financial asset is an instrument of short term borrowing. He has bought it because he doesn't want to take risk and wants an assured return. This instrument is a promissory note. It is highly liquid. This instrument is also known as Zero Coupon Bond. On this instrument is written T-91.

**Questions:**

1. Which financial asset is indicated in the above case?
2. On whose behalf does the RBI issue this instrument?
3. Why is this instrument called as the Zero Coupon Bond?
4. What does T-91 denote here?
5. What is the minimum amount for which this instrument is available?

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