

AT-1412

M.B.A. Semester—III Examination

INDIAN FINANCIAL SYSTEM

Paper—MBA/3101/F

Time : Three Hours]

[Maximum Marks : 70

Note :—(1) Attempt **ALL** questions.

(2) Figures to the right indicate marks.

SECTION—A

1. (a) What is a Financial System ? Explain the structure of Indian Financial System. 14

OR

- (b) Discuss functions of financial system. Also explain role of financial system in the development of the country. 14

SECTION—B

2. (a) What is money market ? Explain the organisation and working of Indian money market. 7

- (b) The government abolished stamp duty on debt securities to boost the dematerialisation of debt securities and enhance levels of trading in corporate debt securities in debt market. Do you think that this type of steps enhance trading in debt market ? 7

OR

- (c) Explain the functions of foreign exchange market ? Also discuss about participants of foreign exchange market. 7

- (d) In the Primary capital market, corporates can raise resources through Public issues, Rights issues, and Private placements. Nowadays corporates prefer to raise fund from Private placement method rather than Public issues. Discuss. 7

3. (a) Explain significance of financial market intermediaries. 7

- (b) "Stock Exchange index is indicator of economic position of the country." Do you agree with the above statement ? Justify your answer. 7

OR

- (c) Discuss working of Discount and Finance House of India and its importance in money market operations. 7

- (d) It is said that trading in stock exchange is better than investing in Mutual Funds. agree with the statement ? Justify your answer. you
7
4. (a) Explain the features of Treasury Bill. 7
- (b) Treasury Bill is used by the Government to raise short-term funds to bridge seasonal or temporary gaps between its receipts and expenditure. Discuss. 7

OR

- (c) Discuss guidelines related to issue of commercial papers. 7
- (d) Commercial bill is an important tool to finance credit sales. The commercial bill market is highly developed in industrial countries but it is very limited in India. Explain the reasons of underdevelopment of commercial bill market in India. 7

SECTION—C

5. The setting up of the Industrial Financial Corporation of India [IFCI] in 1948 marked the beginning of the era of development banking in India. Then it was followed by establishment of Industrial Credit and Investment Corporation of India [ICICI] in 1955, Refinance Corporation of India [RCI] Ltd. in 1958, Industrial Development Bank of India [IDBI] in 1964, and Small Industrial Development Bank of India [SIDBI] for providing financial support to small and medium enterprises etc.

The basic objective of the above development banks is to provide financial support and fulfill financial needs of industrial sector of the country.

But in reality industrial sector in our country is still facing problem of financing. Many small scale industries are now on shut-down position because of unavailability of finance for restructuring.

Questions :

1. Analyse the case. 4
2. Do you think that there is a need of restructuring development Banking System in our country ? 5

Which types of financial support need to be provided to small scale industry for its restructuring ? 5