Q.P. Code :07675

[Time: $2^{1/2}$ Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B: 1. All questions are compulsory
2. All questions have internal choice

Q.1 A Select the best answer from the given options and rewrite the statement **(any 08)** 08

1. ------------is the regulatory authority of Banking Sector in India.
   (Reserve Bank of India, Bank of India, State Bank of India)
2. Government of India started------------------so as to provide credit to the weaker sections of society.
   (IDBI, Co-operative Bank , PFC)
3. Liquidity Insurance Theory was published in the year 1983 by------------.
   (Diamond & Dybvig, Gordon & Walter, Wegner & Johnson)
4. -----------act as intermediaries in purchase and sale of securities in the primary market & secondary markets.
   (Bankers, Brokers ,SEBI)
5. -------------are those banks which perform all kinds of banking functions.
   (Commercial banks, EXIM Bank, Development Bank)
6. -----------is a way of reducing your potential financial loss or hardship.
   (Equity shares, Mutual Funds, Insurance)
7. -------------is the Chairman of Central Board of Directors of RBI.
   (Finance Minister, Governor, President of India)
8. -------------------is the assessment of a borrower's credit quality.
   (Credit Rating, Monetary policy, Liquidity policy)
9. --------------is an example of financial intermediation.
   (A professor purchasing shares, a bank extending a loan to a household, an internet company issuing stock)
10. ---------denotes highest safety in terms of timely payment of interest and principal
    (AAA,AA,BB)

B State whether the following statements are true or false and rewrite the statements **(any 07)** 07

1. The function of Financial Intermediaries is to diversify risk.
2. A financial advisor is a professional who renders financial services to clients.
3. SEBI is an autonomous apex statutory body which regulates and develops the Insurance Industry in India.
4. Financial intermediaries facilitates the process of Capital Formation.
5. SIDBI was set up on April 2, 1990 under the Act of Indian Parliament.
6. CARE is not a credit rating agency.
7. The institutions that channelize the funds from savers to users are called financial intermediaries
8. Investors are interested in maximizing all kinds of risk in their investment

Q.2 A Define financial system and describe its structure? 08
B Explain the benefits of financial intermediaries on the growth prospect of Indian economy. 07
OR
P Explain the various implications of Financial Intermediation on Economic development? 08
Q Describe the functions of financial intermediaries. 07

Q.3 A. What is Insurance Contract? Describe the different types of Insurance. 08
B What is credit Rating Agency? Discuss the role and importance of Credit Rating Agencies in India. 07
OR
P Explain in detail various functions of RBI. 08
Q Describe the role of NABARD in the development of an Indian Economy? 07

Q.4 A Explain the concept of Liquidity Insurance theory. 08
B. What is transaction cost? Explain the role of financial Intermediaries in reducing the transaction cost. 07
OR
P What is Interest rate risk? Describe various factor affecting the interest rate risk.
Q What is credit risk? Explain the role of financial Intermediaries in reducing credit risk. 08
07

Q.5 A Explain various challenges faced by Financial Intermediaries in India. 08
B Discuss the future growth prospectus of Insurance Industry.
OR 07

Q5 Write short notes **(Any 3)**
i. Challenges faced by Banking Sector in India 15
ii. CRISIL- A Credit Rating Agency
iii. Functions of SIDBI
iv. Non-Banking Finance Company
v. Registration process of Financial Intermediaries.
