

Roll No.

Total No. of Pages : 02

Total No. of Questions : 17

**M.Com. (2018 Batch) (Sem.-2)**  
**INDIAN FINANCIAL SYSTEM**

**Subject Code : MCOP-201-18**

**M.Code : 75931**

**Date of Examination : 04-07-22**

**Time : 3 Hrs.**

**Max. Marks : 60**

**INSTRUCTIONS TO CANDIDATES :**

1. **SECTION-A** contains **EIGHT** questions carrying **TWO** marks each and students has to attempt **ALL** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** and consist of **ONE** Case Study carrying **TWELVE** marks.

**SECTION-A**

**Write short notes on the following :**

1. What is the need of organized financial system?
2. What are the limitations of credit rating agencies?
3. How capital market differs from money market?
4. Discuss in detail about stock brokerage.
5. What do you mean by forward?
6. What do you mean by mutual funds?
7. Define credit rating.
8. How derivatives differ from other financial instrument?

**SECTION-B**

**UNIT-I**

9. What do you mean by financial system? Discuss in detail the structure, growth problems and importance of financial market in India in the era of globalization.
10. What do you mean by secondary market? Discuss in detail the innovation and drivers of change in the management of secondary market. Discuss in detail the SEBI guidelines of secondary market

## UNIT-II

11. What do you mean by co-operative banks? Discuss in detail the origin, scope and advantage of co-operative banks. How the co-operative banks useful as a source of relief to rural areas?
12. What do you mean by commercial banks? Discuss in detail the origin, scope, advantage and functioning of commercial banks in India.

## UNIT-III

13. a) Explain with the help of example that how Forward Rate agreement can be used by any Institution, When it is exposed to a single period interest rate risk.  
b) How forward is different from future? What is the philosophy of using future as derivative for risk and return protection by the investor? Explain with the help of example.
14. Explain with the help of example that how efficiency and effectiveness can be achieved in the derivative market by arbitrage, hedger and speculator. How financial engineer customized innovation in debt instrument in the current scenario? Discuss in detail.

## UNIT-IV

15. Discuss in detail legal, tax, types of leasing, and accounting treatment of leasing in current scenario in India.
16. What do you mean by merchant banking? Discuss in detail origin, scope and advantage of merchant banking. How the merchant bankers useful as a source of relief to sick industries?

## SECTION-C

17. a) Discuss in detail on the basis of following information how interest rate swaps are used to reduce Cost of Financing. How this is beneficial to each party involved in the process. Suppose that party A is in need of 10 years debt financing desire fixed rate obligation. A can borrow at a floating rate of six month LIBOR + 50bps or at a semiannual fixed rate of 11.25%. Party B also in need of 10 year debt financing desire floating rate obligation. Party B can borrow fixed rate of semiannual rate of 10.25% and can borrow floating rate as six months. The SWAP dealer stands ready to enter a SWAP. In both the cases the dealer's floating rate is six month LIBOR. If dealer is to be the fixed rate payer it will pay a SWAP Coupon of 10.40% and it requires a swap coupon of 10.50% semiannually  
b) Discuss in detail history, economic, rational and basic structure of swap.

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**