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| **University of Kerala** | | |
| Discipline: Commerce |  | Time: 2 Hours (120 Mins.) |
| Course Code:UK1DSCCOM104 |  | Total Marks: 56 |
| Course Title: INDIAN FINANCIAL SYSTEM |  |  |
| Type of Course: DSC |  |  |
| Semester: 1 |  |  |
| Academic Level: 100-199 |  |  |
| Total Credit: 4, Theory: 4 Credit, Practical: 0 Credit |  |  |

Part A. 6 Marks. Time: 5 Minutes

Objective Type. 1 Mark Each. Answer All Questions (Cognitive Level: Remember/Understand)

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| **Qn.**  **No.** | **Question** | **Cognitive**  **Level** | **Course Outcome (CO)** |
| 1. | Which of the following is not a component of the financial system?  A) Financial Institutions  B) Financial Markets  C) Financial Regulations  D) Financial Instruments. | Remember | CO-1 |
| 2. | Identify the institution that is primarily responsible for monetary policy in India  A) Reserve Bank of India  B) Securities and Exchange Board of India  C) Insurance Regulatory and Development Authority  D) Ministry of Finance | Remember | CO-1 |
| 3. | What does IPO stand for?  A) Initial Public Offering  B) International Purchase Option  C) Internal Public Offering  D) Initial Price Option. | Understand | CO-3 |
| 4. | Choose the statement that indicates the benefit of a depository system  A) It eliminates the need for stock exchanges.  B) It simplifies the process of buying and selling securities by storing them electronically.  C) It guarantees fixed returns on investments.  D) It prevents companies from issuing new shares. | Understand | CO-2 |
| 5. | Which of the following is an outcome of effective investor education provided by SEBI?  A) Increased market speculation  B) Improved investor confidence and participation in the financial markets  C) Reduced demand for investment products  D) A decline in the number of registered investors | Understand | CO-4 |
| 6. | What is the role of Reserve Bank of India in liquidity management?  A) To issue new currency notes.  B) To manage the money supply and ensure banking system stability.  C) To provide loans to small businesses.  D) To regulate stock market prices. | Understand | CO-1 |

Part B. 10 Marks. Time: 20 Minutes

Two-Three sentences. 2 Marks Each. Answer All Questions (Cognitive Level: Understand/Apply)

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| **Qn.**  **No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 7. | Outline the regulatory functions of SEBI. | Understand | CO-4 |
| 8. | Compare a Fixed Price Issue with the Book Building process. | Apply | CO-3 |
| 9. | **What are mutual funds?** List out their significance in the financial market. | Understand | CO-1 |
| 10. | Explore the regulatory requirements for listing on stock exchanges. | Apply | CO-2 |
| 11. | Examine the role of offer documents in the public issue process. | Apply | CO-3 |

Part C. 16 Marks. Time: 35 Minutes

Short Answer. 4 Marks Each. Answer all 4 questions, choosing among options within each question. (Cognitive Level: Apply/Analyse)

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| Qn.  No. | Question | Cognitive Level | Course Outcome (CO) |
| 12. | A) **Advise** a start-up on the key steps they should take to prepare for listing their securities on a stock exchange.  OR  B) **Apply** the concept of screen-based trading to create a trading strategy | Apply | CO-2 |
| 13. | A) **Analyse** the scope and significance of the primary market in capital formation.  OR  B) Examine the different methods of capital floatation in the primary market. | Analyse | CO-3 |
| 14. | A) **Analyse** the structure of the Indian financial system.  OR  B) **Examine** the relationship between the financial system and economic development in India | Analyse | CO-1 |
| 15. | (A) **Demonstrate** the advantages of investing in mutual funds for individual investors.  OR  B) **Apply** your understanding of the RBI's role in liquidity management to explain how it influences interest rates in the banking system | Apply | CO-1 |

Part D. 24 Marks. Time: 60 Minutes

Long Answer. 6 Marks Each. Answer all 4 questions, choosing among options within each question. (Cognitive Level: Analyse/Evaluate/)

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| **Qn.**  **No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 16. | A) **Judge** the significance of the secondary market in the overall financial system. **Discuss** how it facilitates liquidity and impacts investor confidence compared to the primary market.  OR  B) **Evaluate** the key roles and functions of stock exchanges in India. | Evaluate | CO-2 |
| 17. | A) Analyse the pricing strategies for IPOs, focusing on fixed price issues versus the book-building process.  OR  B) Examine the various methods of capital floatation available to companies, particularly in the context of public issues. | Analyse | CO-3 |
| 18. | A) Analyse the impact of major stock exchanges in India, specifically NSE and BSE, on the overall economy.  OR  B) Examine the effectiveness of the depository system and dematerialization of securities in modern trading. | Analyse | CO-2 |
| 19. | A) Examine how the RBI and SEBI work together to create a stable financial environment in India.  OR  B) Critically examine the role of SEBI in regulating the securities market | Analyse | CO-1 |

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| **Cognitive Level** | **Marks** | **Percentage** |
| Remember |  |  |
| Understand |  |  |
| Apply |  |  |
| Analyse |  |  |
| Evaluate |  |  |
| **TOTAL** |  |  |

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| **Course Outcomes** | **Marks** | **Percentage** |
| CO-1 |  |  |
| CO-2 |  |  |
| CO-3 |  |  |
| CO-4 |  |  |
| **TOTAL** |  |  |