

[This question paper contains 3 printed pages.]

2833

Your Roll No.

M.Com./sem. III (OC)

F

Paper : 7101 : FINANCIAL MARKETS AND
INSTITUTIONS

Time : 3 Hours

Maximum Marks : 100

*(Write your Roll No. on the top immediately
on receipt of this question paper.)*

Attempt all questions

All questions carry equal marks.

Write precise answer.

1. (a) Explain the terms 'financial repression', 'financial liberalization' and 'financial deepening'. Also, critically evaluate financial sector reforms in India.

(20)

OR

- (b) What are the problems associated with compilation of Flow of Funds accounts? How do these problems affect the utility of these accounts for policy makers?

(20)

P.T.O.

2. (a) Explain the "Preferred Habitat Theory". How does this compare with other theories of term structure of interest rates? (20)

OR

- (b) Explain the problem of moral hazard and adverse selection in insurance. Also, critically evaluate the role of IRDA in regulating the insurance sector in India. (20)

3. (a) Critically evaluate different types of mutual fund schemes. Which types of investors are each of these schemes likely to attract? Give reasons for your answer. (20)

OR

- (b) "Banking sector reforms in India have been characterized by gradualism". Explain. Also, bring out the implications of Basel 1, 2 and 3 for the Indian banking industry. (20)

4. (a) "Foreign capital inflows into India have changed from foreign aid to foreign investment." Explain. Also bring out the implications of this change. Distinguish between FDI and FII forms of investments. (20)

OR

- (b) How are budgetary deficits and economic growth likely to impact the level of interest rates in a country? Explain. Also bring out the role of inflation in determination of interest rates. What is the utility of interest rate forecasting? (20)
5. Comment briefly on any two of the following:
- (a) Money market mutual funds and exchange traded funds.
 - (b) Role of credit rating agencies.
 - (c) Derivation of the yield curve.
 - (d) Indirect monetary policy instruments. (10×2=20)