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Bengaluru

Even Semester End Term Examination, May / June 2026

Date: 26/05/2026		**Time: 09.30 AM - 12.30 PM**
Course Code: BBA2035	**Course Name: Indian Financial System**	
Semester: Fourth Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4
Marks	**112**	**146**	**172**	**110**

Part A: Answer Following Questions. 20 M

Qn.No	Questions	M	CO	BT
1	Define Indian Financial System.	2	CO1	BT1
2	What is Financial Intermediation?	2	CO1	BT1
3	Define Flow of Funds Matrix.	2	CO1	BT1
4	What is Commercial Bank?	2	CO2	BT1
5	Define Development Financial Institutions (DFIs).	2	CO2	BT1
6	What is Money Market?	2	CO3	BT1
7	Define Treasury Bills.	2	CO3	BT1
8	What is Capital Market?	2	CO3	BT1
9	Define Primary Market.	2	CO4	BT1
10	What is SEBI?	2	CO4	BT1

Part B: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
11.a	List out the components of Indian Financial System.	6	CO1	BT1
11.b	“The Indian financial system plays a crucial role in economic development by mobilizing savings and promoting investment.” Answer the following: a) How financial system promotes economic development b) Define any two real-life examples of financial intermediation	10	CO1	BT1

12.a	A household saves a portion of its income and deposits it in a bank. The bank, in turn, lends these funds to a business firm for investment purposes. Identify the components of the financial system involved in this process and briefly explain the role of each component.	6	CO1	BT1
12.b	In a developing economy, savings are mobilized through banks, channelled into investments via capital markets, and overseen by financial regulators. Based on this scenario, explain the key components of the financial system in a structured manner and describe the role performed by each component.	10	CO1	BT1

Part C: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13.a	Explain functions of financial markets.	6	CO3	BT2
13.b	From the following situations, identify the type of financial market and the instrument involved: 1. Government raises short-term funds 2. Company issues shares for expansion 3. Bank borrows overnight funds 4. Company issues debentures Answer the following: a) Classify each case into Money Market or Capital Market b) Identify the financial instrument used in each case c) Explain the purpose of each instrument briefly	10	CO3	BT2
14.a	Explain instruments of money market.	6	CO3	BT2
14.b	“The Reserve Bank of India plays a crucial role in regulating the money market.” Answer the following: a) Explain the role of RBI in money market regulation b) How RBI controls liquidity and inflation	10	CO3	BT2

Part D: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
15.a	Explain types of mutual funds.	6	CO2	BT2
15.b	An investor wants: • Low risk investment • Regular income • High liquidity	10	CO2	BT2

	Answer the following: a) Suggest suitable mutual fund types b) Justify your recommendation c) Explain how mutual funds support capital market			
16.a	Explain about NBFCs and their role.	6	CO2	BT2
16.b	Compare the role of: • Commercial Banks • NBFCs Answer the following: a) Highlight key differences b) Explain their contribution to financial inclusion	10	CO2	BT2

Part E: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
17.a	Explain functions of stock exchanges.	6	CO4	BT2
17.b	A company plans to raise funds through IPO. Answer the following: a) Explain the process of primary market b) Distinguish between primary and secondary market c) Explain role of stock exchange	10	CO4	BT2
18.a	Explain role of SEBI.	6	CO4	BT2
18.b	An investor faces losses due to insider trading and market manipulation. Answer the following: a) Explain how SEBI protects investors b) Discuss SEBI regulations to prevent such issues	10	CO4	BT2

Part F: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
19.a	Differentiate the money market and capital market.	6	CO3	BT2
19.b	“The Indian financial system integrates institutions, markets, and regulations to support economic growth.” Answer the following: a) Explain the relationship between:	10	CO3	BT2

	- Financial Institutions - Financial Markets - Regulatory Bodies b) How they collectively contribute to economic development c) Suggest any two improvements in Indian financial system			
20.a	Explain the functions of commercial banks	6	CO3	BT2
20.b	A small manufacturing firm approaches different financial institutions for its needs: - Long-term finance for expansion - Working capital for daily operations - Risk protection for assets Answer the following: a) Identify the suitable financial institutions for each requirement b) Explain the role of: Commercial Banks Insurance Companies Development Financial Institutions (DFIs) c) How these institutions support economic development	10	CO3	BT2