



Roll No.....

End Semester Examination, December 2024
L.L.B (Hons.) – III Semester
Financial Market Regulation (SOLS523A)

Time: 2.5 hrs.

Max Marks: 50

Note: All Questions are compulsory. Marks are indicated against each question.

PART-A

Q.1 Attempt any 5 of the Questions:

- | | |
|--|----------------|
| (a) Define "capital adequacy ratio" (CAR). | [CO-1] [L-2] 2 |
| (b) What is the primary difference between the money market and the capital market? | [CO-1] [L-2] 2 |
| (c) What is the importance of banking regulation in an economy? | [CO-1] [L-2] 2 |
| (d) What is the primary function of a commercial bank? | [CO-1] [L-2] 2 |
| (e) What does the loanable funds theory suggest about the determination of interest rates? | [CO-1] [L-3] 2 |
| (f) What is the function of SEBI? | [CO-1] [L-3] 2 |
| (g) Name two types of financial derivatives. | [CO-1] [L-2] 2 |
| | 2x5 |

PART-B

All the Questions (Q2-Q5) are compulsory.

- Q.2 (i) Define the Securities Market. Discuss the components of the Securities Market, such as the stock market, bond market, and derivatives market [CO-3] [L-2] 10

OR

- (ii) Explain the role of the Treasury Bill market in managing the government's short-term borrowing needs. How do Treasury Bills contribute to the development of the money market? [CO-3] [L-2] 10

- Q.3 (i) Analyze the structure of the yield curve. What different shapes of the yield curve (normal, inverted, and flat) suggest about future economic conditions? [CO-1] [L-4] 10

OR

- (ii) Discuss the various functions of banks, such as accepting deposits, lending, and creating credit. What are the key differences between a bank and a non-bank financial institution (NBFI)? [CO-1] [L-4] 10

- Q.4 (i) Discuss the key provisions of the Basel I, II and III norms. How do they aim to strengthen the global banking system and reduce systemic risk? [CO-2] [L-4] 10

OR

- (ii) Explain the role of mutual funds, hedge funds, and pension funds in the securities market. How do they help in portfolio diversification? [CO-2] [L-2] 10

- Q.5 (i) Explain the concept of Non-Performing Assets (NPAs). Analyze the impact of NPAs on the profitability and liquidity of commercial banks. [CO-4] [L-2] 10

OR

- (ii) Explain the functions of the RBI and IRDAI. How do these regulatory bodies ensure the stability and growth of the financial system? [CO-4] [L-4] 10