

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2025**  
(First Semester)

Branch - **COMMERCE (FINANCIAL SYSTEM)**

**INDIAN FINANCIAL SYSTEM**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Financial System Consists of a) Financial Institutions b) Financial Markets c) Financial Services d) All of the above	K1	CO1
	2	Which of the following is the function of financial market? a) Mobilization of savings b) Price fixation c) Provide liquidity to financial assets d) All of the above	K2	CO1
2	3	To operate as NBFC in India, one must take license from a) SEBI b) RBI c) MoF d) FICCI	K1	CO2
	4	What role does a commercial bank play in the payment system? a) Collects taxes b) Facilitates cheque/NEFT/RTGS payments c) Issues government bonds d) Controls monetary policy	K2	CO2
3	5	Which of the following is not an asset held by Commercial Banks? a) Bill of Exchange b) Current Account Deposits c) Money lent at short notice d) Credit balances with the Reserve Bank	K1	CO3
	6	The Narasimham Committee, also known as the Committee on the Financial System (CFS), was set up in the year: a) 1990 b) 1991 c) 1992 d) 1993	K2	CO3
4	7	SEBI was established in the year _____. a) 1992 b) 1988 c) 1990 d) 1989	K1	CO4
	8	RBI is the lender of last resort for _____. a) Central Government b) State Governments c) Stock markets d) Commercial Banks	K2	CO4
5	9	Which of the following is a fund based service? a) Securitisation b) Credit Rating c) Merchant Banking d) Underwriting	K1	CO5
	10	What are the challenges in financial service? a) Investment awareness b) Transparency c) Risk management system d) All of the above	K2	CO5

Cont...

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Classify the functions of Financial System.  (OR)	K2	CO1
	11.b.	Show the features of Money Market.		
2	12.a.	Outline the objectives of NBFCs.  (OR)	K2	CO2
	12.b.	Explain the functions of IDBI.		
3	13.a.	Illustrate the role of Commercial Banks.  (OR)	K2	CO3
	13.b.	Summarize the functions of Commercial Banks.		
4	14.a.	Identify the objectives of SEBI.  (OR)	K3	CO4
	14.b.	Choose the various roles of RBI in Financial Markets.		
5	15.a.	Identify the features of Financial Services.  (OR)	K3	CO5
	15.b.	Select the various types of Financial Services and explain.		

**SECTION - C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Summarize and write the role of Financial System in the economic development of a country.	K2	CO1
2	17	Interpret the structure of Financial Institutions in India.	K2	CO2
3	18	Organize and write the banking sector reforms recommended by the Narasimhan Committee.	K3	CO3
4	19	Identify the important functions of RBI.	K3	CO4
5	20	Discuss the challenges faced by Financial Service Sector.	K3	CO5