

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Financial Market (Laws and Regulations)
Semester- X (Batch: 2018-23)

End Semester Examination: May 2023

Date: 03rd May, 2023

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.

Attempt **any five** of the following questions.

Marks

- Q.1 Autonomy of the Central Bank is vital not only to the existence of a vibrant financial market but also to the growth of the economy as a whole. The global financial crisis of 2008 pointed towards the significance of the existence of an independent Central Bank. However, the nature and degree of independence given to the Central bank varies from country to country across the globe. (10)
In the light of the above-mentioned observation, analyse the issue of autonomy of the independence of the Central Bank in India from the perspective of Law.
- Q.2 "... virtual currencies, known by different names such as crypto assets, crypto currencies, digital assets, electronic currency, digital currency etc., elude an exact and precise definition, making it impossible to identify them as belonging either to the category of legal tender solely or to the category of commodity/good or stock solely." (10)
[Internet And Mobile Association Of India v Reserve Bank of India dated 4th March 2020]
Analyse, in detail, the judicial approach with respect to virtual currencies in India along with that of the Government of India.
- Q.3 "Regulators echoed a similar refrain. Ben Bernanke, the chairman of the Federal Reserve Board since 2006, told the Commission a "perfect storm" had occurred that regulators could not have anticipated; but when asked about whether the Fed's lack of aggressiveness in regulating the mortgage market during the housing boom was a failure, Bernanke responded, "It was, indeed. I think it was the most severe failure of the Fed in this particular episode." Alan Greenspan, the Fed chairman during the two decades leading up to the crash, told the Commission that it was beyond the ability of regulators to ever foresee such a sharp decline. "History tells us [regulators] cannot identify the timing of a crisis, or anticipate exactly where it will be located or how large the losses and spillovers will be." (10)
[The Financial Crisis Inquiry Report, Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States, January 2011, 3.]
In the context of the above-mentioned statement, discuss the causes and ramifications of global financial crises on the financial market from regulatory perspectives.
- Q.4 Non-Banking Financial Companies (NBFCs) are important players in the financial market. Experience has shown that problems in their governance can have serious consequences on various stakeholders in the market. Therefore, there is no scope of (10)

regulatory oversight. However, their regulation has posed peculiar kinds of challenges for the regulators.

In the light of the above-mentioned observation, analyse the regulatory framework for NBFCs in India through relevant instances.

- Q.5 Critically evaluate the judgment delivered by the Supreme Court of India in *Vivek Narayan Sharma v Union of India* dated 2nd January 2023 from the perspectives of the Financial Market. (10)
- Q.6 Financial Market acts as an intermediary between the borrowers and lenders of money. It consists of Money Market and Capital Market. Money market caters to the short-term requirements of money. (10)

Discuss the various instruments of Money Market existing in India from a regulatory viewpoint.
