

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Financial Institutions and Markets  
Semester-VI (Batch: 2014-19)

Mid Semester Test: Feb-Mar. 2017

Date: 04<sup>th</sup> March-17

Duration: 2 hours

Max. Marks: 30

**Instructions:**

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

| Answer [any five] Questions |   | Marks |
|-----------------------------|---|-------|
| Q.1                         | Define Financial System and discuss the functions of Financial system.  | (06)  |
| Q.2                         | What is 'demonetisation'? The argument posited in favor of demonetisation is that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. Do you agree with the argument? Justify your answer in the form your arguments. | (06)  |
| Q.3                         | Prior Saving Theory regards savings as a prerequisite or determinant of Investments, and it holds that all savings in the economy can find investment outlays. Explain the theory and state your views.   | (06)  |
| Q.4                         | Define 'Development Banks'. Discuss functions of Development Banks.   | (06)  |
| Q.5                         | Explain the structure of banking in India. Write your suggestions for improvements in the banking system in the light of the achievements and the weaknesses of the banking system in India.  | (06)  |
| Q.6                         | Write a note on payment and settlement system reforms in Banking in India.  | (06)  |

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