

Unit 3 - Week 1

Course outline

How does an NPTEL online course work?

week 0

Week 1

- Lecture 1 : Introduction to Financial System
- Lecture 2 : Equilibrium in Financial Markets
- Lecture 3 : Efficiency of Financial Markets
- Lecture 4 : Measures of Financial Development
- Lecture 5 : Financial Development and Economic Growth
- Lecture Material

Quiz : Assignment 1

Feedback Form

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7

Week 8

Week 9

Week 10

Week 11

Week 12

DOWNLOAD VIDEOS

Detailed Solution

Text Transcripts

Live Interactive Session

Assignment 1

The due date for submitting this assignment has passed. **Due on 2020-02-12, 23:59 IST.**
 As per our records you have not submitted this assignment.

- Which of the following is/are functions of a financial system?
 - Managing Portfolio adjustment.
 - Helping to reduce unemployment.
 - Channeling funds between lenders and borrowers.
 - Helping speculators to bet on price movements.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- Which of the following are characteristic of a financial intermediary?
 - It introduces borrowers to investors.
 - It has assets which exceed liabilities.
 - It increases liquidity for lenders.
 - It reduces transaction costs for borrowers and lenders.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- Equilibrium is established when the expected demand of funds (credit) for short-term investment matches with the planned supply of funds generated out of savings and credit creation:
 - True
 - False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- In terms of market efficiency, which of the following are/is most likely to hinder market efficiency?
 - Active Participation
 - Individuals cannot affect the market prices
 - Control over entry and exit
 - Free access to information

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- Which of the following is a NOT a Non-Banking Financial Intermediaries
 - Small savings
 - Pension funds
 - LIC
 - NABARD

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d
- Financial instruments are traded in capital markets which mainly deal in short-term financial assets.
 - True
 - False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- Organised markets that enable the existing equity and debt of issuing companies to be traded.
 - Primary capital markets
 - Secondary markets
 - Gilt repo market
 - Euromarket

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- Which one of the following is not a role of the financial intermediaries?
 - Setting exchange rates
 - Brokerage
 - Maturity transformation
 - Risk transformation

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- Financial market which channelizes resources into those investment projects and other uses where marginal efficiency of capital adjusted for risk differences is the highest is called as:
 - Functionally efficient market
 - Allocative efficient market
 - Full insurance efficient market
 - Fundamental valuation efficient market

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- Which of the following is not an indicator of efficiency?
 - Return on Assets
 - Return on Liabilities
 - Stock price volatility
 - Stock market turnover

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- In a developed financial system, indirect techniques of monetary policies are used in a more frequent manner
 - True
 - False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- The ratio of financial assets to physical assets in the economy is called:
 - Finance Ratio
 - Financial Interrelation Ratio
 - New Issue Ratio
 - Intermediation Ratio

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- The demand for funds depends on aggregate savings and credit creation by the banking system
 - True
 - False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- If an analyst believes that the semi-strong form, but not the strong form, of the Efficient market hypothesis is true, then he should be able to earn excess returns based on public and private data.
 - True
 - False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- Efficient market hypothesis (EMT) that believes that prices reflect all security-market information is termed as _____ form of EMT.
 - Weak
 - Semi-weak
 - Semi- strong
 - Strong

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- Which of the following theories assumes that "investment is not determined by savings, it is savings which are determined by investment which can be increased autonomously through monetary expansion"?
 - Prior Savings Theory
 - Theory of Forced Savings
 - Credit Creation Theory
 - Financial Liberalization Theory

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- According to which theory financial institutions promote development by offering various "transformation" services or functions:
 - Prior Savings Theory
 - Theory of Forced Savings
 - Credit Creation Theory
 - Financial Liberalization Theory

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- _____ indicates the ratio of primary issues to the physical capital formation which indicates how far investment has been financed by direct issues to the savers by the investing sectors.
 - Financial Interrelation Ratio
 - Intermediation Ratio
 - New Issue Ratio
 - Finance Ratio

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- _____ indicates institutionalisation of the financial activity in the economy.
 - Finance Ratio
 - Financial Interrelation Ratio
 - Intermediation Ratio
 - New Issue Ratio

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- Which of the following is NOT an example of the Money Markets?
 - Call Money Market
 - T-Bills Market
 - Stock Market
 - Certificate of Deposit Market

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c