

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2079  
Master of Business Studies (MBS)  
Semester - IV

Subject: Financial Institutions and Markets

Course Code: FIN 545

Full Marks: 60 Pass Marks: 30

Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions:

1. "Financial institutions assess the financial information more efficiently in an economy". Justify.
2. Point out the roles of "Beema Samiti".
3. Briefly describe the thrift institution.
4. Differentiate between share based and mutual insurance company.
5. How does the supply of loanable funds affect the interest rate?
6. Point out the determinants to interest rate.
7. What is bond quotation?
8. Why is money market considered as a safe place to invest?
9. List out the types of financial market.
10. "A central bank constitutes the apex of the monetary and banking structure of a country". Comment.

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions:

11. "Capital market helps speed up the economic growth and development of the country". In the light of the statement discuss the functions of capital market. [8]
12. Distinguish between primary and secondary market. [8]
13. Define saving and loan association and explain its regulation system. [3+5]
14. Elucidate monetary policy and also explain its objectives. [3+5]
15. The auction price for a treasury bill is Rs. 97 given Rs.100 value and the bill matures in 180 days. 30 days after purchase, the investor needs funds and he is forced to sell at a discount rate of 5.8 percent. This is assumed to be the discount yield on market.  
Calculate:
  - a. Discount yield [2]
  - b. Bond equivalent yield [2]
  - c. Price of Treasury bill [2]
  - d. Holding period yield. [2]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions:

16. a. Clarify the objectives and roles of insurance sector. [6]  
b. Highlight the imperative functions of commercial bank. [7]
17. Define Central bank. Highlight the functions of central bank to regulate the entire banking system of a country. [5+8]
18. ABC corporation's bonds will mature in 10 years. The bonds have a face value of Rs. 1000 and an 8 percent coupon rate, paid semi-annually. The price of the bond is Rs.1100. The bonds are callable in 5 years at a call price of Rs. 1050. What is the yield to maturity? What is the yield to call? [7+6]

**THE END**