**Financial Instution and Market**

**December 2022 Examination**

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# 1. "Financial markets provide a platform for the lenders and borrowers of the funds to meet their requirements. In other words, financial markets are a place where financial assets are purchased and sold".

# As a financial institution, explain the various types of financial markets to raise funds to the clients. (10 Marks)

# Ans 1.

# Introduction

At one of the most basic levels, banks are vital to ensuring that individuals have access to the money they need. Banks do numerous things, but their main task is to take reserves (called trades) from individuals who have cash, pool them, and offer them out to someone. A bank is an intermediary between an investor (who provides cash to the bank) and a borrower (to who the bank offers money). This functions because some investors need money out of nowhere, yet many do not. This will allow banks to release longer-term loans utilizing more fixed-term shops. This puts on almost all compounds and individuals within the corporate framework:

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# 2. Prabhu is a new joiner at a mutual fund house. His first task given by the manager is to prepare a report on any four mutual fund schemes that he would advise his client to invest in with a moderate risk appetite for a time period of 5 years. Prepare a report for Prabhu to complete his first task. (10 Marks)

# Ans 2.

# Introduction

We have effective financial planning for our long-term goals to invest our resources in a shared value reserve. It should be kept in mind that Value Strategies are especially momentarily dangerous and unpredictable. To achieve long-term success, we should remain to invest sources regardless of financial conditions. Funders are typically asked to pick an essential reserve that matches their gaming profile. We cannot support shared assets because we do not share wagering accounts. Take an internet-based examination to identify your

# 3. a. Shivani is a broker at a trading firm and has a good understanding of various financial instruments sold in the secondary markets. She is now curious about the products sold on the secondary market for a time period of 3 years and more. You are therefore required to help Shivani understand various financial instruments along with the participants involved in such a market. (5 Marks)

# Ans 3a.

# Introduction

A financial instrument is a contract for money-related sources that can be purchased, traded, developed, changed, or set. Regarding contracts, there are legally binding commitments throughout a luxury conference during the exchange of financial instruments. One organization promises to provide cash, and the various others to provide bonds. If the

# 3. b. "Credit rating is essential for a firm to issue a bond/ debenture and come with a public issue in the market".

# In the light of the above statement explain the importance and role of credit rating agencies. (5 Marks)

# Ans 3b.

# Introduction

A rating agency is an organization that rates the financial strength of customers of considerable impact, typically an organization or legislator. Specifically, we evaluate and evaluate your ability to supply your