**Financial Institutions and Markets**

**April 2023 Examination**

**1. “In the twenty-first century, many aspects of technology have become a blessing. One such blessing is the ‘depository’ system which is the electronic mode of holding securities.” In the light of the above statement, explain the various functions performed by depositories in the stock market. (10 Marks)**

**Ans 1.**

**Introduction**

Depositories resemble our savings accounts. As our cash is kept in our savings account, our safeties are stored in our demat account through different holds.

There are two sorts of depositories in our country-.

**a) NSDL-** IT is the largest and oldest depository in India. It started its operations in 1996 and was developed in 1995 in Mumbai. It was the initial depository to provide trading and investing services in an electronic style. Today, NSDL has more fantastic than four crore customers. 276 depository participants and 36000 DP

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**2. “Risk management is undertaken by all players within the financial services ecosystem, including investment managers, investment banks, retail banks, and insurance companies, among others.” Explain the concept of risk management and strategies used by the financial service companies.” (10 Marks)**

**Ans 2.**

**Introduction**

Risk management can be defined as the process of examining, recognizing, and controlling risks that can cause loss to a company's earnings and capital. These risks come from various resources like legal obligations, monetary instabilities, modern technology concerns, crashes, critical management mistakes, and all-natural errors.

A successful risk management method helps a company consider the variety of unpredictabilities and risks and the cascading impact they can carry on its tactical goals.

The most effective technique to reduce risks is sometimes specified as enterprise risk

**3.a. Manu is a broker at an insurance firm and has a good understanding of various instruments sold in the Indian insurance Markets. She is now curious about the products sold under the non-life insurance policies and the constituents who will help a client in this process. You are therefore required to help Manu understand various non-life insurance policies. (5 Marks)**

**Ans 3a.**

**Introduction**

An insurance policy can be specified as an agreement between the insurance company and the policyholder. Determining the insurance claims, the insurer is bound to pay for a preliminary payment., called the costs, and the insurer promises to pay for the danger of loss brought on by perils covered under the plan

**3.b. Rama just started her handmade soaps and is now starting a new project of handmade lotions and perfumes for which, she needs a huge amount of capital. Her friends suggested she approach Venture Capitalists for her capital requirements.**

**In the light of the above case, explain to Rama the process of Venture Capital and the stage of funding involved in Venture Capital Financing. (5 Marks)**

**Ans 3b.**

**Introduction**

All of us know that starting a business requires a lot of resources, such as human resources, funding, and funds, plants, equipment, etc. Yet among them, the most crucial resource is funds. Funds or capital function as blood for business. It helps us maintain our business activities and