

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016**(CUCSS)**

Applied Economics

Core VI—FINANCIAL MARKETS

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer **all** questions.**Each bunch of **four** questions carries a weightage of 1.*

1. Guilt-edged market deals with :
(a) Commercial papers. (b) Government securities.
(c) Certificates of Deposits. (d) None.
2. Which among the following is a highly sensitive sub market of a money market :
(a) Call money. (b) Treasury bills.
(c) Certificate of deposits. (d) Trade bill.
3. Which among the following is not an NBFIs :
(a) Mutual funds. (b) Commercial banks.
(c) UTI. (d) Venture Capital.
4. A market for the immediate purchase and sale of a financial instrument is called :
(a) Derivative market. (b) Spot market.
(c) Secondary market. (d) Capital market.
5. Which among is referred as 'Lender of last resort' :
(a) Commercial banks. (b) RBI.
(c) NABARD. (d) SBI.
6. The feature of a money market instruments
(a) Short-term nature. (b) Low risk.
(c) Close to money. (d) All of the above.

Turn over

7. Base Rate is determined by :
- (a) Commercial banks. (b) RBI
- (c) Finance Ministry. (d) Loan recipient.
8. In which year Rajiv Gandhi Equity Savings Scheme (RGESS) was launched in India
- (a) 2006. (b) 2010.
- (c) 2008. (d) 2012.

Fill in the blanks :

9. Short term borrowing of the government is called _____
10. _____ is the price at which the bond is traded in the stock exchange.
11. Market where financial instruments are exchanged or traded is referred as _____
12. _____ is the sector of the financial market that includes financial instruments that have a maturity or redemption date that is one year or less at the time of issuance.

State True or False :

13. Base rate is fixed by the Ministry of Finance.
14. Equity market is a sub market of Capital Market.
15. SEBI is a statutory body.
16. NBFIs are controlled by RBI.

(16 x $\frac{1}{4}$ = 4 weightage)

Part B (Short Answer Questions)

*Answer any **ten** questions not exceeding **one page** each.*

Each question carries a weightage of 2.

17. Discuss the main functions of financial market.
18. Explain Markowitz model.
19. Write a short note on Venture capital.
20. Discuss the role and RBI to control banking system in India.
21. Explain NPV.

22. What is Portfolio Management ? Explain its major advantages.
23. Write a short note on Call money Market.
24. Discuss major differences between Commercial banks and NBIs.
25. What are the functions of Capital Market ?
26. What are the features of efficient financial markets ?
27. What are the main features of Primary market ?
28. Write a short note on Micro Finance in India.

(10 x 2 = 20 weightage)

Part C (Essay Questions)

*Answer any **three** questions not exceeding **three pages** each.*

Each question carries a weightage of 4.

29. Explain the role of NBFIs in the financial system of an economy.
30. Briefly explain the major banking sector innovations to strengthen financial system in India.
31. Explain major recommendations of Narasimham Committee Report.
32. Explain major features and sub markets of Indian Money market.
33. Describe the nature of Stock Exchanges in India and the role of SEBI.

(3 x 4 = 12 weightage)