

D 100984

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Name.....

Reg. No.....

FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2024

(CBCSS)

Economics

ECO 4C 13—FINANCIAL MARKETS

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A*Answer all questions.**All questions carry equal weightage.*

1. FCCB stands for :

- (a) Foreign Currency Convertible Bond.
- (b) Foreign Credit Convertibility Base.
- (c) Future Currency Convertibility Bond.
- (d) Future Currency Convertible Bond.

2. OTCEI was incorporated in ——— under the Companies Act, 1956.

- (a) 1990.
- (b) 1991.
- (c) 1992.
- (d) 1993.

3. In capital markets, the major suppliers of trading instruments are :

- (a) Instrumental corporations.
- (b) Manufacturing corporations.
- (c) Government and corporations.
- (d) Liquid corporations.

4. ——— is the first computerised stock exchange in India.

- (a) BSE.
- (b) NSE.
- (c) OCTEI.
- (d) None of these

Turn over

5. Stock index futures :
- (a) Are a purely cash-settled futures contract based on a stock index.
 - (b) Are settled daily and traded by futures brokers on stock exchanges.
 - (c) Are used for a number of reasons such as speculating, hedging, and spread trading.
 - (d) All the above
6. The process of converting physical shares of a company into electronic format is :
- (a) Underwriters.
 - (b) Book building.
 - (c) Floating new issues.
 - (d) Dematerialisation.
7. _____ is not a money market instrument.
- (a) Commercial paper.
 - (b) Debentures.
 - (c) Bankers acceptances.
 - (d) Certificates of deposit.
8. SEBI was given statutory power in :
- (a) 1990.
 - (b) 1991.
 - (c) 1992.
 - (d) 1995.
9. The name given to sources of finance or capital available to raise money outside the home in foreign currency is :
- (a) Merchant bank.
 - (b) Blue-chip share.
 - (c) Euro issue.
 - (d) Employee stock option.
10. _____ is referred to a money given for a very short period.
- (a) Call money.
 - (b) Near money.
 - (c) Treasury bill.
 - (d) Bill of exchange.
11. Merchant bank provides :
- (i) Management of securities issues.
 - (ii) Portfolio management services.
 - (iii) Underwriting of capital issues.
- (a) (i) and (ii) alone.
 - (b) (i) and (iii) alone.
 - (c) (ii) and (iii) alone.
 - (d) (i), (ii) and (iii).

2. In order to regulate the functioning of the stock exchange and to protect the interest of investors, Securities Contracts (Regulation) Act was passed in :
- (a) 1948. (b) 1956.
(c) 1960. (d) 1966.
3. Choose the incorrect statement related to the interbank Participation Certificates (PCs):
- (a) The interbank participation certificates are the interbank money market instruments used by commercial banks to park their surplus funds.
(b) These IBPCs are of two types- with risk sharing IBPCs and without risk sharing IBPCs.
(c) In with risk sharing IBPCs, certificates are issued for 91 to 180 days and interest is determined on these PCs between the issuing and participating bank freely.
(d) Without risk sharing IBPCs money market instruments exceeding 180 days.
4. When the government needs to borrow funds, it frequently issues short-term securities known as ?
- (a) Treasury bills. (b) Call money.
(c) Bill of exchange. (d) Commercial bills.
5. Identify the correct statement/s related to commercial paper :
- (a) It is a short-term debt instrument issued only by well-known, creditworthy firms that is typically unsecured.
(b) It is normally issued to provide liquidity or to finance a firm's investment in inventory and accounts receivable.
(c) The issuance of commercial paper is an alternative to short-term bank loans.
(d) All the above

(15 × 1/5 = 3 weightage)

Part B

Answer any five questions.

Each question carries 1 weightage.

6. Distinguish between bonds and debentures.
7. What do you mean by federal funds market ?
8. What is venture capital financing ?

Turn over

19. Distinguish between ADR and GDR.
20. What are the roles of depository participants?
21. What is credit rating?
22. Prepare a note on OTCEI.
23. Define option premium.

Part C

*Answer any seven questions.
Each question carries 2 weightage.*

24. Distinguish between primary market and secondary market.
25. Define Non-Bank Financial Intermediaries. What are the functions of NBFI.
26. Prepare a note on global financial markets and their instruments.
27. Explain demutualisation of stock exchanges. Narrate the trading mechanism of the
28. Explain the structure of financial markets in India.
29. What do you mean by international bonds? Explain major types of international
30. Evaluate the money market reforms in India after 1991.
31. Define merchant banking. What are the functions of merchant banks?
32. Examine the role and significance of Discount and Finance House of India and Corporation of India.
33. What are the functions of capital market?

(7 × 2)

Part D

*Answer any two questions.
Each question carries 4 weightage.*

34. Describe the meaning and structure of capital market. What are the instruments in the capital market?
35. What are derivatives? Discuss various types of options and futures and their uses.
36. Explain different types of financial markets? Discuss the functions of financial markets.
37. Explain the instruments of the Money Market.

(2 × 4)