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Name.....

Reg. No.....

**FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2023**

(CBCSS)

Economics

ECO 4C 13—FINANCIAL MARKETS

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A (Multiple Choice Questions)***Answer all questions.**Each question carries 1/5 weightage.*

1. Every investor is aware that the value of his/her money today won't be the same in the year next, is underlying in the concept of :
  - a) Time value of money.
  - b) Compounding.
  - c) Discounting.
  - d) All the above.
2. Bond issued simultaneously in several global financial center is :
  - a) Domestic Bond.
  - b) Foreign Bond.
  - c) Global Bond.
  - d) Euro Bond.
3. In India currency-notes issue system is based on :
  - a) Proportional Reserve System.
  - b) Minimum Reserve System.
  - c) Fixed Exchange Rate System.
  - d) Fully Convertibility System.
4. Which one of the following does not belong to regulatory bodies in India ?
  - a) FMC.
  - b) IRDA.
  - c) PFRDA.
  - d) SEBI.
5. The important ways of floating new issues
  - a) Issue prospects to public.
  - b) Private placement.
  - c) Right issue to existing shareholders.
  - d) All the above.

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6. That which facilitates the sale of corporate securities to the general public :
- Financial intermediaries.
  - Investment bankers.
  - Brokers.
  - Dealers.
7. Pooling small savings and convert them to a well-diversified portfolio is :
- Mutual Funds.
  - Venture Capital.
  - Provident Fund.
  - Micro credit.
8. Agreements between two parties to exchange assets or sets of financial obligations or cash flows for a specified period of time at pre-determined intervals :
- Swaps.
  - Futures.
  - Options.
  - Warrants.
9. The process of admitting securities for trading on a recognized stock exchange is called :
- Underwriting.
  - Listing.
  - Arbitrage.
  - Placement.
10. An investment company or a scheme of investment that issues a fixed number of owners or shares during a fixed period of time :
- Closed-end fund.
  - Open-end fund.
  - Fixed income security.
  - Mutual fund.
11. A situation wherein it may not be possible to dispose off or sell the assets, or it may be do so only at great inconvenience or cost in terms of money and time :
- Default risk.
  - Financial risk.
  - Liquidity risk.
  - Systematic or market risk.
12. Shares issued to existing shareholders as a result of capitalization of reserves :
- Bonus shares.
  - Income bonds.
  - Debentures.
  - Preferred stock.
13. Loaned funds that are repayable upon the request of either party :
- Commercial bill.
  - Bill of exchange.
  - Call money.
  - None of these.

14. Fair market value of investment value that is equal to the present value of a stream of cash flows expected to be generated by the asset, is known as :
- a) Market value.
  - b) Intrinsic value.
  - c) Terminal value.
  - d) Time value.
15. The objective of Securitization and Reconstruction of Financial Assets and Enforcement of Security Act (SARFAESI) Act, 2002 is :
- a) Regulate Stock Markets.
  - b) Liberalise Capital Market structure.
  - c) Reduce NPA of banks.
  - d) Promote Portfolio investment.

(15 × 1/5 = 3 weightage)

### Part B (Very Short Answer Questions)

*Answer any five questions.*

*Each question carries 1 weightage.*

- 16. What are the features of inclusive financial system ?
- 17. Write a note on New York Money Market.
- 18. Distinguish between IMPS and NEFT.
- 19. What are modern financial instruments ?
- 20. Distinguish Commercial Bills and Treasury Bills.
- 21. Write a note on Banker's Acceptance.
- 22. What do you mean by Margin Trading ?
- 23. What is a call money market ?

(5 × 1 = 5 weightage)

### Part C (Short Answer Questions)

*Answer any seven questions.*

*Each question carries 2 weightage.*

- 24. Who are the major players (institutions) in Indian Capital Market ?
- 25. Explain the role of SEBI.
- 26. Describe the Trading mechanism of the stock exchanges.
- 27. Distinguish interest rate futures and commodity futures.

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28. What are the Instruments in GFM ?
29. What is Eurobonds ? Bring out the significance of Eurobonds.
30. What are stock market indices ? Bring their importance.
31. Describe the importance of banking sector innovations.
32. Explain the significance and role of mutual funds.
33. What are financial derivatives ? Define each one of them.

(7 × 2 = 14)

### Part D (Essay Questions)

*Answer any two questions.*

*Each question carries 4 weightage.*

34. What are the characteristics of Underdeveloped or Indian Money Market ?
35. Critically examine Money market reforms in India since 1991.
36. Describe the sources and issues of External commercial borrowings in India ?
37. Explain the significance of derivative market in the growth trajectory of Indian Economy.

(2 × 4 = 8)