

FOURTH SEMESTER M.A DEGREE EXAMINATION, APRIL 2022
(Regular/Improvement/Supplementary)

ECONOMICS
FECO4C13 - FINANCIAL MARKETS

Time: 3 Hours

Maximum Weightage: 30

Part A: Multiple choice questions. Answer *all* questions. Each carries $\frac{1}{5}$ weightage.

1. is a money asset consisting of coins and currency notes and created money.
(a) Cash asset (b) Debt asset (c) Primary asset (d) Stock asset
2. Money market instruments consist of:
(a) CD's (b) MMMFs (c) CP's (c) All of these
3. Sensitive index of BSE:
(a) NIFTY (b) SENSEX (c) NASDAQ (d) None of these
4. Financial derivatives are mostly used for:
(a) Earning Income (b) Speculative activities
(c) Hedging risks (d) Creating more risks
5. A combination of forwards by two counterparties with opposite but matching needs is called:
(a) Forward (b) Option (c) Swap (d) Future
6. SEBI the regulatory institution of Stock Market in India was set up in:
(a) 1968 (b) 1956 (c) 1992 (d) 1988
7. Among the following is not the developmental functions of SEBI:
(a) Regulate insurance market (b) Promoting investor's education
(c) Training of intermediaries (d) Promoting self-regulatory organisations
8. The inflation free instrument is:
(a) Index-linked gilt bond (b) Deep discount bond
(c) Option bond (d) Variable rate debenture
9. The direct sale of securities to investors is called:
(a) Offers sale (b) right issue
(c) Public issue (d) Private placement
10. Right share are offered to:
(a) New share holders (b) Existing share holders
(c) The Public (d) All the above

(P.T.O.)

11. Loaned funds that are repayable upon the request of either party is:
 - (a) Call option
 - (b) Put option
 - (c) Call Money
 - (d) None of these
12. A currency deposited in a bank outside the country of its origin is called:
 - (a) Euro note
 - (b) Eurobonds
 - (c) Euro equities
 - (d) Eurocurrency
13. The market for government securities is otherwise called:
 - (a) Industrial securities Market
 - (b) Stock Market
 - (c) Gilt-edged Market
 - (d) None of these
14. The purchase of shares by investors and brokers by using money borrowed from financiers by paying margin money:
 - (a) Margin Trading
 - (b) Margin Buying
 - (c) Margin Call
 - (d) None of these
15. An option that gives its holder the right to sell an asset at a fixed price during a certain period:
 - (a) Call Option
 - (b) Put Option
 - (c) Swap
 - (d) Future

(15 × 1/5 = 3 weightage)

Part B: Answer any *five* questions. Each carries *one* weightage

16. Define financial market.
17. Distinguish between money market and capital market.
18. Give a short note on Mutual Funds.
19. Define insider trading.
20. What are the uses of futures?
21. Define foreign currency swaps.
22. What is Euro commercial paper?
23. Comment on Financial Innovation.

(5 × 1 = 5 weightage)

Part C: Answer any *seven* questions. Each carries *two* weightage

24. Explain Money Market Mutual Funds.
25. Describe the different kinds of swaps.
26. Explain the trading mechanism of the stock exchanges.
27. Distinguish between financial inclusion and inclusive growth.
28. Explain the role and importance of Foreign Institutional Investments.
29. Discuss the different types of futures.

30. Distinguish between American Depository Receipts and Global Depository Receipts.
31. What are the features of developed money market?
32. Discuss the role of financial intermediates.
33. What are the functions of DFHI?

(7 × 2 = 14 weightage)

Part D: Answer any *two* questions. Each carries *four* weightage

34. Critically examine the money market reforms of India since 1991.
35. Discuss the reasons for the growth of Eurocurrency market.
36. Distinguish between Primary and Secondary market. What are the methods of raising capital in primary market?
37. Explain various types of financial derivatives and its features.

(2 × 4 =8 weightage)