

**FIFTH SEMESTER B.A. DEGREE EXAMINATION
NOVEMBER 2019**

(CUCBCSS—UG)

Economics

ECO 5B 09—ECONOMICS OF CAPITAL MARKET

Time : Three Hours

Maximum : 80 Marks

Part A (Objective Type Questions)

*Write all the twelve questions.
Each question carries ½ mark.*

1. As per the SEBI (ESOS and ESPS) guidelines 1999, 'ESOS Shares' means :
 - (a) Shares arising out of exercise of options granted under ESOS.
 - (b) Shares arising out of grant of shares under ESPS.
 - (c) Shares arising out of vesting of options granted under ESOS.
 - (d) None of the above.
2. Every listed company is required to submit to the Stock Exchange the shareholding pattern of the Company on a :
 - (a) Quarterly basis.
 - (b) Monthly Basis.
 - (c) Yearly Basis.
 - (d) Half Yearly Basis.
3. All securities held by depository shall be :
 - (a) In physical form.
 - (b) Either physical form or in dematerialized form.
 - (c) Dematerialized and in fungible form.
 - (d) Physical certificate format.
4. The risk management activities and confirmation of trades through the trading system of NSE is carried out by :
 - (a) Users.
 - (b) Trading Members.
 - (c) Clearing Members.
 - (d) Participants.
5. A stock broker means a member of :
 - (a) SEBI.
 - (b) Any stock exchange.
 - (c) Any exchange.
 - (d) A recognized Stock exchange.

Turn over

6. SEBI stands for :
- (a) Securities and Exchange Board Institute.
 - (b) Securities and Exchanges Board of India.
 - (c) Securities and Exchange Board of India.
 - (d) Securities and Exchange Board Initiatives.
7. Identify the participants in the securities markets :
- (a) Underwriters.
 - (b) Debenture Trustees.
 - (c) Venture Capital Funds.
 - (d) All of the above.
8. Which one of the following is NOT a capital market instrument :
- (a) Shares.
 - (b) Debentures.
 - (c) PSU Bonds.
 - (d) Certificate of deposit.
9. Identify the wrong choice regarding OTCEI :
- (a) Set up in 1992.
 - (b) A New Stock Exchange.
 - (c) Only for forward deal.
 - (d) For screen-based trading.
10. SEBI was set up in the year :
- (a) 2000.
 - (b) 1995.
 - (c) 2005.
 - (d) 1992.
11. The apex financial institution of India :
- (a) SEBI.
 - (b) NABARD.
 - (c) RBI.
 - (d) Ministry Finance.
12. Basel Committee is related to :
- (a) Rural credit.
 - (b) SEBI.
 - (c) RBI.
 - (d) Capital Adequacy Norms.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Write any ten questions.

Each question carries 2 marks.

13. Define underwriting.
14. What do you mean by debenture ?
15. Write on Global Depository Receipts (GDRs).
16. What do you mean by OTCEI ?
17. Write any two objectives of NSE.
18. What do you mean by the SENSEX ?
19. What is a depository ?
20. What do you mean by dematerialization (DEMAT) ?
21. What do you mean by Rights Issue ?
22. What are the different types of debt instruments ?
23. What are the major components of financial system ?
24. What do you mean by financial security ?

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

Write any six questions.

Each question carries 5 marks.

25. Explain the term 'capital market'. Who are the various participants in capital market ?
26. Enumerate the various financial activities that are undertaken by a merchant banker.
27. Why do companies need to issue shares to the public ? What are the different kinds of issues ?
28. Distinguish between shares and debentures.
29. Write a note on the importance of capital market in the development of an economy.
30. What are the limitations of Indian financial system ?
31. Write a note on the role and importance of mutual funds.
32. What are the causes of poor performance of New Issues Market ?

(6 × 5 = 30 marks)

Turn over

Part D (Essay Type Questions)

Answer any two questions.

Each question carries 12 marks.

33. Explain the various long term financial options available for investment.
34. Explain the origin and development of stock exchanges in India.
35. Explain the role and importance of SEBI as a regulator of the Indian capital market.
36. Explain the role of NSE in the professionalization and standard trading in the stock market.

(2 × 12 = 24 marks)