

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2014

(CUCSS)

Applied Economics

Core VI—FINANCIAL MARKETS

Time () Hours

Maximum : 36 Weightage

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

1. A fund whose portfolio includes both bonds and stock is :
(a) Income fund. (b) Growth fund.
(c) Balance fund. (d) Index fund.
2. Contractual liabilities that obligate the issuer to pay a specified amount at a given date at fixed rate :
(a) Treasury bills. (b) Bills of exchange.
(c) Bonds. (d) None of these.
3. The cost price of an asset less accumulated depreciation :
(a) Intrinsic value. (b) Market value.
(c) Book value. (d) None of these.
4. The relationship between expected rate of return and risk on efficient portfolio :
(a) Risk Return trade off. (b) Capital Rationing.
(c) Capital Market line. (d) Scenario analysis.

Multiple Choices :

5. The value of security when it is issued is called :
(a) Par value. (b) Market value.
(c) Intrinsic value. (d) None of these.
6. An organization that serves many needs of business enterprises such as giving advice on financial alternation, corporate merging, underwriting etc. :
(a) Mutual fund. (b) MNC.
(c) Corporate. (d) None of these.

Turn over

7. Market value of mutual fund assets less liabilities divided by number of shares outstanding :

- | | |
|----------------------|----------------------|
| (a) Market value. | (b) Intrinsic value. |
| (c) Net asset value. | (d) None of these. |

8. The value of a security when it is issued is called :

- | | |
|----------------------|--------------------|
| (a) Par value. | (b) Market value. |
| (c) Intrinsic value. | (d) None of these. |

Fill in the blanks :

9. OTCEI is a _____
10. New issue market deals with _____
11. Credit rating indicates _____
12. Arbitrage means _____

True or False :

13. DFHI mainly deals with fixed deposits.
14. The direct sale of securities to investor's is called mortgaging.
15. The Repo rate is fixed.
16. The small Investor's gate way to enter into big companies is MNC.

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

Part B (Short Answer Questions)

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

Each question carries a weightage of 2.

17. Explain the role of financial system in India.
18. Explain the scope of NBFIs in Indian Financial System.
19. Explain mutual funds and its significance.
20. What are the reasons for the fluctuations in price of shares ?
21. Explain the provisional functions of **RBI**.
22. What do you know about credit rating agencies and venture capital ?
23. Explain scope and development of Micro service in India.
24. Distinguish between Call money market and Industrial Securities market as a source of market finance.
25. Explain briefly about hire purchase schemes. Examine its merits and demerits.
26. Explain the major innovations in the banking scenario.
27. Explain the function of **SEBI**.
28. Explain the process of listing of shares.

(10 x 2 = 20)

Part C

Answer any three not exceeding three pages each.

Each question carries a weightage of 4.

29. Examine the features of Indian money market. What are the basic problems of Indian money market ?
30. Examine the challenges of financial service sector in India.
31. Examine the development of NBFI in India.
32. Explain the major initiatives in the capital market reforms in India.
33. Explain the role of RBI in credit management.

(3 x 4 = 12 weightage)