

**FOURTH SEMESTER M.A. DEGREE EXAMINATION, JUNE 2019**

(CUCSS—PG)

Economics

ECO 4C 14—FINANCIAL MARKETS

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

**Part A***Answer all the following questions.**Each question carries  $\frac{1}{4}$  weightage.*

1. In India the RBI sells government securities under :  
(A) Dutch Auction. (B) French Auction.  
(C) Fixed Price. (D) Face Value.
2. Within how many days SEBI has to scrutinize the draft prospectus and suggest changes in it in the case of public issues ?  
(A) 7 Days. (B) 14 Days.  
(C) 21 Days. (D) 30 Days.
3. In the book building IPO, retail investors are those investors who are applying for securities worth upto :  
(A) Rs. 50,000. (B) Rs. 1,00,000.  
(C) Rs. 5,00,000. (D) Rs. 10,00,000.
4. In the secondary market, an investor may trade :  
(A) Directly With Other Investors.  
(B) Indirectly Through a Broker.  
(C) Directly With A Dealer Who Buys and Sells Securities.  
(D) All of the above.
5. The base year of SENSEX  
(A) 1955-56. (B) 1978-79.  
(C) 1991-92. (D) 2000-01.

**Turn over**

6. Which of the following is not an advantage of depository system ?
- (A) Immediate Transfer of Securities.
  - (B) No Stamp Duty on Transfer of Securities Through Depositories.
  - (C) No Odd Lot Problem.
  - (D) No Security Transaction Tax.
7. The Bombay Stock Exchange was established in :
- (A) 1857.
  - (B) 1875.
  - (C) 1912.
  - (D) 1956.
8. Bovespa Stock Exchange is in :
- (A) Argentina.
  - (B) China.
  - (C) Brazil.
  - (D) Canada.
9. Which of the following is a major difference between swaps and futures contracts ?
- (A) A futures contract involves only one future transaction, whereas a swap typically involves several future transactions.
  - (B) Swaps are typically short term, whereas futures contracts tend to extend over several years.
  - (C) Swaps are usually marked to market, whereas futures contracts are not.
  - (D) Swaps are derivative securities, but futures contracts are not.
10. Investment in Post Office time deposit is :
- (A) Zero Risk Investment.
  - (B) Low Risk Investment.
  - (C) Medium Risk Investment.
  - (D) High Risk Investment.
11. Orders that are transacted at best available price are classified as :
- (A) Post Order.
  - (B) Transacted Order.
  - (C) Market Order.
  - (D) Available Order.
12. Those options which can be exercised only on the expiration date are called :
- (A) American Option.
  - (B) Double Option.
  - (C) European Option.
  - (D) Call Option.

**Part B**

*Answer any five questions.*

*Each question carries 1 weightage.*

13. Explain NASDAQ ?
14. Who is a depository ?
15. Explain reverse share split ?
16. What is SENSEX ?
17. What is G-Sec ?
18. What is offer for sale ?
19. Explain private placement ?
20. What do you mean by Forward Premium and Discount ?

(5 × 1 = 5 weightage)

**Part C**

*Answer any eight questions.*

*Each question carries 2 weightage.*

21. Distinguish between Primary Market and Secondary Market.
22. Explain the methods of trading in stock exchanges ?
23. Briefly describe the operation of the Depository System.
24. What do you mean by development financial institutions ? What are their functions ?
25. 'Derivatives are effective risk management tool'. Comment on this statement.
26. Briefly describe about the major international stock exchanges.
27. SEBI is the watching dog of Indian capital market. Comment.
28. Distinguish between ADR and GDR.
29. Explain the strategies for financial inclusion in India.
30. Define Swaps. Narrate the types of swaps.
31. Explain the various global financial instruments.

(8 × 2 = 16 weightage)

**Turn over**

**Part D**

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

32. What are the various methods of floating a New Issue ?
33. Describe the process of trading in stock exchange ?
34. What do you mean by commodity derivatives ? Explain about major commodity exchanges functioning in India.
35. Describe the different categories of members in a stock exchange.
36. Describe various SEBI guidelines applicable to primary market operations.

(3 × 4 = 12 weightage)