

18/08/2023

383435

C 42625

(Pages : 4)

Name.....

Reg. No.....

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

(CBCSS)

Econometrics

ECM 2C 07—FINANCIAL MARKETS

(2020 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A (Multiple Choice Questions)

Answer all questions.

Each question carries 1/5 weightage.

1. _____ is an agreement between two parties to swap interest rate payments on their respective loans in their different currencies.
 - (a) Interest rate swaps.
 - (b) Stock futures.
 - (c) Foreign currency swap.
 - (d) Foreign currency futures.
2. When securities are allotted to institutional investors and some selected individuals are referred to as _____.
 - (a) Initial public offer.
 - (b) Offer through the prospectus.
 - (c) Private placement.
 - (d) Offer for sale.
3. Which of the following is also called a zero-coupon bond ?
 - (a) Trade bills.
 - (b) Call money.
 - (c) Treasury bills.
 - (d) Commercial papers.
4. Which of the following statements is not true with regard to Commercial paper ?
 - (a) Is a long-term unsecured promissory note with a fixed maturity period.
 - (b) It usually has a maturity period of 15 days to one year.
 - (c) It is sold at a discount and redeemed at par.
 - (d) Companies use this instrument for bridge financing.

Turn over

5. When was the Stock Holding Corporation of India established ?
- (a) 1956. (b) 1986.
(c) 1996. (d) 1998.
6. _____ is the process of creating new financial products, services, or processes.
- (a) Financial innovation. (b) Financial inclusion.
(c) Financial growth. (d) Financial integration.
7. How many companies are included in the SENSEX of India ?
- (a) 30. (b) 50.
(c) 111. (d) 25.
8. _____ is an unsecured, short-term loan that is issued by a bank or corporation in the international money market.
- (a) Euro currency. (b) International bond.
(c) Eurocommercial paper. (d) Euronotes
9. In capital markets, the major suppliers of trading instruments are :
- (a) Government and corporations. (b) Liquid corporations.
(c) Instrumental corporations. (d) Manufacturing corporations
10. The price of underlying asset is added into intrinsic value of option to calculate
- (a) Forward price of option. (b) Exercise price of option.
(c) Book value of option. (d) Spot price of option.
11. _____ are excess reserves that commercial banks and other financial institutions deposit at regional Federal Reserve banks; these funds can be lent, then, to other market participants with insufficient cash on hand to meet their lending and reserve needs.
- (a) Call money. (b) Bill of Exchange.
(c) Federal funds. (d) Commercial bills.
12. The value of one unit of investment in Mutual fund is called the _____.
- (a) Net Asset Value. (b) Issue value.
(c) Market value. (d) Gross Asset value.

13. _____ involves a loan of securities by one party to another, often facilitated by a brokerage firm.
- (a) Short seller. (b) Margin trading.
(c) Securities lending. (d) Securities borrowing.
14. The segregation of members' right into distinct segments, viz. ownership rights and trading rights is referred to as :
- (a) Demutualization of stock exchanges.
(b) Dematerialisation of accounts.
(c) Trading in stock market.
(d) Discounting of shares.
15. _____ are investments where the buyer believes the underlying stock's market price will fall below the strike price on or before the expiration date of the option.
- (a) Call Options. (b) Put Options.
(c) Interest rate swaps. (d) Foreign currency swaps.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** questions.

Each question carries 1 weightage.

16. What is meant by Yield to maturity (YTM) ?
17. What is Prime lending rate ?
18. What is a tax haven ?
19. What are Commercial bills ?
20. What is a Depository ?
21. What is a merchant bank ?
22. What is bond rating ?
23. What is Sensex ?

(5 × 1 = 5 weightage)

Turn over

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries weightage of 2.

24. What is Core banking ? State some of the advantages of core banking.
25. What is CRISIL ?
26. What are the main features of a call money market ?
27. What are Foreign Currency swaps ?
28. What is the difference between Commodity and Financial derivatives ?
29. What are development banks and how do they work ?
30. What are the different kinds of issues ?
31. What is the Nifty index ?
32. What is meant by Face Value of a share/debenture ?
33. Give an account of the salient features of SARFAESI Act.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries 4 weightage.

34. Explain in detail the various instruments traded in the stock market.
35. Describe the advantages and disadvantages of external commercial borrowing.
36. Describe the various types of futures and the uses of futures.
37. What are the features of a developed money market ?

(2 × 4 = 8 weightage)