

**FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2022**

(CBCSS—SDE/Private)

Economics

ECO 4C 13—FINANCIAL MARKETS

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A (Multiple Choice Questions)**

*Answer all questions.*

*Each question carries 1/5 weightage.*

1. The value of money today won't be the same in the year hence, is the underlying concept of :
 

a) Time value of money.	b) Compounding.
c) Discounting.	d) All the above.
  
2. The Bond issued in several global financial centre simultaneously is called :
 

a) Domestic Bond.	b) Foreign Bond.
c) Global Bond.	d) Euro Bond.
  
3. The agreements between two parties for the exchange of assets or sets of financial obligations or a series of cash flows for a specified period of time at pre-determined intervals :
 

a) Swaps.	b) Futures.
c) Options.	d) Warrants.
  
4. The existing shareholders gets shares issued to as a result of capitalization of reserves is called :
 

a) Bonus shares.	b) Income bonds.
c) Debentures.	d) Preferred stock.
  
5. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Act (SARFAESI) Act, 2002 stands for :
 

a) Regulating Stock Markets.	b) Liberalizing Capital Market structure.
c) Reducing NPA of banks.	d) Promoting Portfolio investment.

6. One of the following statements is wrong with respect to currency option :
- a) Call option will be used by exporters.
  - b) Put option gives buyer right to sell foreign currency.
  - c) Foreign currency- Rupee option available in India.
  - d) An American option can be executed on any day.
7. India's Capital Market is regulated by :
- a) RBI.
  - b) SEBI.
  - c) IRDA.
  - d) NSE.
8. The rate at which the central bank rediscounts first class bills of exchange and government securities held by commercial banks :
- a) Repo rate.
  - b) Reverse repo rate.
  - c) Bank rate.
  - d) Discount rate.
9. The best suitable liquidity management in financial markets is to focus on :
- a) Efficiency.
  - b) Stability.
  - c) Minimisation of risk of insolvency.
  - d) All the above.
10. The profit-making method adopted out of the differences in the price of a security in two different markets is :
- a) Arbitrage.
  - b) Listing.
  - c) Placement.
  - d) None of these.
11. Identify the business Organization that is not a profit maximizing one ?
- a) IMF.
  - b) IBRD.
  - c) IFC.
  - d) WTO.
12. When did the New Development Bank (NDB) floated by the BRICS nations started its operations ?
- a) 1<sup>st</sup> January' 2016.
  - b) 1<sup>st</sup> July' 2016.
  - c) 21<sup>st</sup> July' 2015.
  - d) 1<sup>st</sup> April' 2015.



26. Examine the significance of credit rating agencies.
27. Describe the structure, composition and the major players (institutions) in Indian Capital Market ?
28. Describe the importance of interest rate futures and commodity futures.
29. Explain the significance of American Depository Receipts (ADR).
30. What is a derivative market ? What are financial derivatives ?
31. Define money market. Bring out the major players (institutions) in Indian Money Market ?
32. What are the significance of Global Financial Markets ?
33. Critically examine the issues of External borrowings in India.

(7 × 2 = 14 weightage)

#### **Part D (Essay Questions)**

*Answer any **two** questions.*

*Each question carries a weightage of 4.*

34. Describe the impact of Capital Market Reforms in India since 1991.
35. Describe the constituents and features of Developed Money Market.
36. The movements in Stock market indices are recognized as a measuring scale of economic development. Elucidate.
37. How does the derivative market stimulate the growth of Indian Economy ?

(2 × 4 = 8 weightage)