D 142920 **(Pages : 5)** **Name...**

Reg. No....................................

FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2026

(CBCSS)

Economics

ECO 4C 13—FINANCIAL MARKETS

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Part A

Answer **all** *questions.*
All questions carry equal weightage.

1. ———————— gives the party making the fixed payments the right to terminate the swap prior to its maturity.

   (a) Callable swap. (b) Putable swaps.

   (c) Extendable swaps. (d) Rate-capped swaps.

2. FCCB stands for :

   (a) Foreign Currency Convertible Bond.

   (b) Foreign Credit Convertibility Base.

   (c) Future Currency Convertibility Bond.

   (d) Future Currency Convertible Bond.

3. The trading in index options commenced in :

   (a) 1996. (b) 1998.

   (c) 2001. (d) 2004.

Turn over

4. Choose the correctly defined statement :

   (a) Bonus issue means that when a company offers its securities to a small group of people.

   (b) The rights issue is one of the quickest methods for a company to raise capital for their business.

   (c) Qualified institutional placement is a type of private placement

   (d) In preferential issue, the investors have a choice of buying shares at a discount price within a specific period.

5. If one wants to invest in share market through online trading, one needs :

   (a) Money.

   (b) Demat account.

   (c) Online trading account.

   (d) All the above.

6. Which among the following is a money market instrument ?

   (a) Certificates of deposit. (b) Commercial paper.

   (c) Bankers' acceptances. (d) All the above.

7. The National Stock Exchange of India Limited (NSE) was established in :

   (a) 1975. (b) 1988.

   (c) 1992. (d) 1998.

8. Money market funds can be categorized into following groups *except* :

   (a) Prime money market funds.

   (b) Government money market funds.

   (c) Tax-free money market funds.

   (d) Negotiable money market funds.

9. Unorganized market consists of :

   (a) Indigenous bankers. (b) Money lenders.

   (c) Both (a) and (b). (d) Neither (a) nor (b).

10. Choose the <u>incorrect</u> feature of normal maturity period of bills :
    - (a) Usuancehundi - 30 to 120 days.
    - (b) Export bills - 90 days.
    - (c) Import bills - 180 days.
    - (d) Internal trade bills - 90 to 180 days.
11. Which is biggest stock exchange in India ?
    - (a) BSE.
    - (b) NSE.
    - (c) OTCEI.
    - (d) NASDAQ.
12. Functions of merchant banks include :
    - (a) Portfolio management.
    - (b) Raising funds for client.
    - (c) Managing public issue of companies.
    - (d) All the above.
13. Certificates issued by large commercial banks and other depository institutions as a short-term source of funds are :
    - (a) Commercial bills.
    - (b) Negotiable certificates of deposits.
    - (c) Banker's acceptance.
    - (d) Repurchase agreements.
14. —————————— is *<u>not</u>* an instrument in the capital market
    - (a) Equities.
    - (b) Preference shares.
    - (c) Commercial papers.
    - (d) Derivatives.
15. Identify the correct statement/s related to OTCEI :
    - (a) OTCEI was incorporated in 1990 under the Companies Act, 1956.
    - (b) OTCEI commenced operations in the year 1992.
    - (c) OTCEI is under the ownership of Ministry of Finance, Government of India.
    - (d) All the above.

(15 × 1/5 = 3 weightage)

Part B

Answer any **five** *questions.*
Each question carries 1 *weightage.*

16. Define certificate of insurance.
17. What do you mean by international bond ?
18. Differentiate between futures and options.
19. Explain the meaning and purpose of margin trading.
20. What is a Depository ?
21. Give examples of tangible and intangible assets.
22. What is meant by insider trading ? Give example.
23. What are the various methods of raising funds in primary market ?

(5 × 1= 5 weightage)

Part C

Answer any **seven** *questions.*
Each question carries 2 *weighatge.*

24. What are the instruments of the money market ?
25. What are the functions of stock exchanges ?
26. Describe the procedure for listing of securities.
27. Examine the meaning and types of liquidity products in capital market.
28. Prepare a note on Foreign Institutional Investment.
29. What is the difference between share and debenture ? Explain different types of equity shares.
30. Explain Stock Futures and Stock Index Futures in India.
31. Describe money market and capital market reforms in India after 1991.
32. Differentiate between Euro notes and Euro commercial papers.
33. Explain meaning and benefits of mutual funds.

(7 × 2 = 14 weightage)

Part D

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

34. Examine the features of a developed money market. Discuss the structure of Indian money market.
35. Explain major participants in financial markets. Evaluate the role of financial intermediaries.
36. Distinguish between primary market and secondary market. Explain features and functions of primary market.
37. Explain different types of derivative contracts. Discuss the uses of derivatives.

(2 × 4 = 8 weightage)