

FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2025

(CBCSS-PG)

(Regular/Supplementary/Improvement)

CC19P ECO4 C13 - FINANCIAL MARKETS

(Economics)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part AAnswer *all* questions. Each question carries 1/5 weightage.

1. Equity shares are the shares of a limited company.
(a) Voting (b) Ordinary (c) Limited (d) Unlimited
2. Which among the following is best suitable for liquidity management in financial markets?
(a) Stability (b) Minimization of risk of insolvency
(c) Efficiency (d) All the above
3. Government securities are issued through of RBI
(a) Public debt office (b) SEBI (c) DFHI (d) Stock exchange
4. Who regulates the money market instruments in India?
(a) Ministry of Finance (b) RBI
(c) Department of Economic Affairs (d) MCA
5. Certificate of deposits which are usually negotiable are issued by:
(a) Banks (b) Financial market (c) Stock exchange (d) Business corporations
6. Government securities are also known as:
(a) Financial securities (b) Gilt edged securities
(c) Money market securities (d) None of the above
7. Discount and Finance House of India was set up in:
(a) 1982 (b) 1992 (c) 1988 (d) 1969
8. The secondary market is a market for:
(a) New issue (b) Old issue (c) New securities (d) Government securities
9. Depository participant is the link between the and the owner.
(a) Depository (b) Government (c) Corporate (d) None of these
10. is the person who buys securities with a view to sell them in future at a profit.
(a) Speculator (b) Issuer (c) Stock brokers (d) None of these

11. Which of the following is not a problem with an interest rate forward contract?
 (a) Low interest rate (b) Default risk (c) Lack of liquidity (d) Finding a counterparty
12. A combination of forwards by 2 counter-parties with opposite but matching need is:
 (a) Future (b) Swap (c) Forward (d) None of these
13. is a barometer for market behaviour.
 (a) Investment (b) Index (c) Arbitrage (d) None of these
14. Eurobonds are traded in:
 (a) Only in issuing country (b) Stagnant exchange
 (c) Telephonic Market (d) Over the counter market
15. The freely convertible currency deposited in a bank outside its country of origin is known as
 (a) Fiat money (b) Eurocurrency (c) Dragon bondd (d) Drawdown

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

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

16. What do you mean by financial inclusion?
17. Explain the difference between Treasury bill and commercial bill.
18. What are the major difference between debt market and equity market?
19. What are P-Notes?
20. What is depository?
21. Explain the difference between hedging and speculation.
22. Distinguish between Euro bonds and Euro notes.
23. Discuss the main reasons for the growth of Euro currency market?

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Critically evaluate the role of financial intermediaries in the growth and development of an economy.
25. Discuss about Negotiable Certificate of Deposits.
26. How do mutual funds work?
27. Discuss the money market reforms in India since 1991.
28. Discuss various functions of capital market.
29. Discuss the role of credit rating institutions in India.

30. What do you mean by the demutualization of stock exchanges?
31. Discuss about the main participants in derivative markets.
32. Write a note on interest rate swaps.
33. Distinguish between ADR and GDR notes.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

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

34. Write an essay on the role of financial intermediaries for the growth and development of an economy.
35. Give a detailed sketch of the structure of Indian money market.
36. Explain briefly the objectives, functions and powers of SEBI.
37. What do you mean by derivative market? Explain different types of derivatives.

(2 × 4 = 8 Weightage)
