24P426 (Pages: 3) Name: ....

Reg.No: ....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2026

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19PECO4C13 - FINANCIAL MARKETS

(Economics)

(2019 Admission onwards)

Time : 3 Hours Maximum : 30 Weightage

Part A

Answer ***all*** questions. Each question carries 1/5 weightage.

1. Which of the following is the function of financial market?
   (a) Mobilization of savings (b) Price fixation
   (c) Provide liquidity to financial assets (d) All of the above

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. Which of the following government scheme is related to financial inclusion?
   (a) UJWAL YOJANA (b) PMJBY (c) PM-UDAY (d) PMJDY

4. …......... is a market for lending & borrowing of short term funds.
   (a) Money market (b) Primary market (c) Capital market (d) All of the above

5. The arrangements in which investment bankers undertake to ensure the full success of the issue of securities.
   (a) Acceptance houses (b) Letter of credit
   (c) Swap contract (d) Underwriting

6. The regulatory body for the securities market in India is:
   (a) RBI (b) SEBI (c) IRDA (d) Stock exchanges

7. Which of these derivatives are not exchanged on the Indian stock markets?
   (a) Forward rate agreements (b) Stock futures.
   (c) Futures based on indices (d) Options for indexing

8. The securities purchased by a bank for investment purposes are known as:
   (a) Equity capital (b) Primary reserves (c) Discounts (d) Secondary reserves

9. SEBI stands for ….........

(a) Stock Exchange Board of India (b) Securities and Exchange Board of India

(c) Securities Exchange Board of India (d) Stock Earn Board of India

10. The Nifty consists of …......

(a) 30 stocks (b) 25 stocks (c) 50 stocks (d) 100 stocks

11. What are the best-known capital markets?

(a) The stock market (b) The bond markets (c) A depository (d) Both (a) & (b)

12. An option allowing the owner to sell an asset at a future date is:

(a) Put option (b) Call option (c) Forward option (d) Future contract

13. Standardized contracts between buyers and sellers are:

(a) Future (b) Swap (c) Forward (d) Warrants

14. The agreement between two parties to exchange assets or sets of financial obligations for a specified period of time at pre- determined intervals is called:

(a) Futures (b) Swaps (c) Derivatives (d) Options

15. Shares issued to existing shareholders as a result of capitalization of reserves:

(a) Debentures (b) Preferred stock (c) Income bond (d) Bonus shares

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

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

16. Discuss the role of financial intermediaries.

17. What do you mean by call money market?

18. What are repurchase agreements?

19. Discuss about the money market reforms in India since 1991.

20. What is meant by demutualization of stock exchanges?

21. What is depository?

22. Write a note on interest rate swaps.

23. Write a note on Euro currency market.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Explain the significance of inclusive growth.

25. Discuss various functions of money market.

26. How do mutual funds work?

27. What are the major difference between debt market and equity market?

28. Trace out the major capital market instruments.

29. Discuss the role of credit rating institutions in India.

30. What are the main types of derivatives?

31. Explain the difference between hedging, speculation and arbitrage.

32. Explain Foreign Currency Convertible bonds.

33. Distinguish between Euro bonds and Euro notes.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

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

34. Explain the role of financial intermediaries for the growth and development of an economy.

35. What do you mean by secondary market? Point out its main functions and instruments.

36. Explain briefly the objectives, functions and powers of SEBI.

37. What are futures? Distinguish between futures and options.

(2 × 4 = 8 Weightage)

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