

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2015

(CUCSS)

Applied Economics

Core VI – FINANCIAL MARKETS

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all questions.**Each bunch of four questions carries a weightage of 1.*

1. Exchange rate which applied to on the spot delivery of the currency :
 - (a) Market rate.
 - (b) Interest rate.
 - (c) Spot rate.
 - (d) None of these.
2. A fund to which a firm makes periodic contribution to facilitate retirement of debt :
 - (a) Poll fund.
 - (b) Debt fund.
 - (c) Sinking fund.
 - (d) Capital fund.
3. Ratio of risk premises to the standard deviation of rates or return :
 - (a) Standard measure.
 - (b) Risk measure.
 - (c) Sharp measure.
 - (d) None of these.
4. The regulatory authority of capital market :
 - (a) Ministry of Finance.
 - (b) RBI.
 - (c) SEBI.
 - (d) None of these.
5. Short term funds which fly from centre to centre to secure high interest rate :
 - (a) Flat money.
 - (b) Money at cell.
 - (c) Hot money.
 - (d) Liquid cash.
6. Debt that matures after one year :
 - (a) Funded debt.
 - (b) Future.
 - (c) Long term fund.
 - (d) None of these.
7. The risk that a borrower may not repay the principal and Interest rate as originally agreed :
 - (a) Default risk.
 - (b) Systematic risk.
 - (c) Market risk.
 - (d) None of these.

Turn over

8. The ratio of price of a share divided by earnings per share :
- (a) P/R ratio. (b) P/Q ratio.
(c) P/E ratio. (d) P/s ratio.

Fill in the blanks :

9. The market which helps commercial banks to maintain their SLR requirements is _____
10. Under writing is a _____
11. The bill which does not require any acceptance is called _____
12. The acceptance market refers _____

State True or False :

13. The market for futures is regulated by RBI.
14. Merchant banks and their operations are controlled by SEBI.
15. Punjab National Bank is the New Generation bank.
16. DFHI is an important source of Housing finance.

(16 x ¼ = 4 weightage)

Part B (Short Answer Questions)

Answer any ten questions not exceeding one page each.

Each question carries a weightage of 2.

17. Examine the role of REPOs in controlling money supply in India.
18. What is factoring? Explain its significance.
19. Examine the risk return relationships Investment in India.
20. What is venture capital? Explain its significance in India.
21. Discuss the changing role of Commercial banks.
22. Explain the process of portfolio management.
23. Explain the functions of SEBI.
24. Discuss the methodology of rating.
25. Explain the working of microfinance.
26. Define risk and what are the measures of risk.
27. What do you mean by lease finance? How it is different from hire purchase finance?
28. Explain about DFHI.

(10 x 2 = 20 weightage)

Part C (Essay Questions)

*Answer any **three** questions not exceeding **three pages** each.
Each question carries a weightage of 4.*

29. What are the Investment implications of capital asset pricing model?
30. Explain the **provisional** role of **RBI** to facilitate functioning of capital market.
31. Examine the important capital market reforms carried out in India recently.
32. Discuss the regulatory **role** played by **SEBI** in the working of capital market in India.
33. Critically evaluate the structure of Indian money market. (3 x 4 = 12 weightage)