

(6 pages)

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M.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2020.

Fourth Semester

Commerce – Core

FINANCIAL MARKETS

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The market for short term loan is known as
 - (a) Call money market
 - (b) Treasury Bill market
 - (c) Money Market
 - (d) Acceptance market

2. The ratio of differences between actual buy or sell price to the ideal price calculated is known as :
- (a) Impact cost (b) Liquidity ratio
- (c) Solvency Ratio (d) Net worth effect
3. The Bill drawn and accepted payable after three months are called
- (a) Indigenous Bill (b) Usance Bill
- (c) Clean Bill (d) Supply Bills
4. Primary dealers who act as an intermediary in government securities market are appointed by
- (a) Depository Participants
- (b) Banks
- (c) SEBI
- (d) RBI
5. Which one of the following is a regulatory institution?
- (a) RBI (b) EXIM
- (c) OTECI (d) SFC's

6. It is a place where securities are introduced as an offer to public
- (a) Commodity market
 - (b) Spot market
 - (c) Primary Market
 - (d) Secondary Market
7. _____ are appointed by the broker to act on his behalf in his absence.
- (a) Jobbers
 - (b) Commission Brokers
 - (c) Sub-Brokers
 - (d) Authorized clerk
8. Speculators who neither buy nor sell securities in the market, but still tradedz on them are called
- (a) Wolves (b) Stags
 - (c) Lame Ducks (d) Bears
9. The securities of startup companies which are allowed to be traded on OTCEI.
- (a) Permitted securities
 - (b) Listed securities
 - (c) Initiated securities
 - (d) Liquid securities

10. The _____ committee was constituted by SEBI for deciding about derivative trading.
- (a) Tandon (b) M.J.Pherwani
(c) Dave (d) L.C.Gupta

PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the characteristic features of financial instruments.

Or

- (b) State the weakness of Indian financial system.

12. (a) Bring out the characteristic features of a developed money market.

Or

- (b) What are the advantages of commercial paper?

13. (a) Analyses the principal steps of private placement.

Or

- (b) What do you mean by underwriting? Explain its methods.

14. (a) Explain the methods of trading in a stock exchange.

Or

- (b) Describe the types of speculative transactions that can take place on a stock exchange.

15. (a) State the powers of Securities Exchange Board of India.

Or

- (b) What are features of Over The Counter Exchange of India?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the role of financial system in economic development of a country.

Or

- (b) Classify the various financial intermediaries functioning in the Indian financial system and bring out their features.

17. (a) What are the advantages and disadvantages of commercial bill market?

Or

- (b) What is Treasury bill market? Explain the importance and defects of Treasury bill market.

18. (a) State the advantages and disadvantages of primary markets.

Or

- (b) Explain the various new instruments introduced in new issue market.

19. (a) State the important functions of Brokers.

Or

- (b) What do you mean by listing of securities? Describe the listing procedure and point out its merits and demerits.

20. (a) Explain the SEBI guidelines for the issue of Rights shares.

Or

- (b) Discuss the features of National Stock Exchange.
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