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Name.....

Reg. No.....

**FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2025**

(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. The Bombay Stock was established in :
  - (a) 1875.
  - (b) 1885.
  - (c) 1890.
  - (d) 1895.
2. The regulator for the securities market in India is :
  - (a) RBI.
  - (b) SEBI.
  - (c) PFRDA.
  - (d) IRDA.
3. The market where securities are traded directly between buyer and seller is :
  - (a) Money market.
  - (b) Primary market.
  - (c) Secondary market.
  - (d) Tertiary market.
4. ——— is financial derivative contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price during a specific period of time.
  - (a) Hedging.
  - (b) Speculation.
  - (c) Underwriting.
  - (d) Option.
5. The intermediaries in new issues market include :
  - (a) Merchant banks.
  - (b) Debenture trustees.
  - (c) Portfolio managers.
  - (d) All the above.

**Turn over**

6. Which of the following is *not* a financial derivative ?
- (a) Options.
  - (b) Forward contracts.
  - (c) Stock.
  - (d) Futures.
7. Following are intermediaries in new issues market *except* :
- (a) Merchant banks.
  - (b) Debenture trustees.
  - (c) Portfolio managers.
  - (d) Non-banking financial intermediaries.
8. \_\_\_\_\_ is the process of creating new products, services, or processes related to the finance sector.
- (a) Financial inclusion.
  - (b) Financial innovation.
  - (c) Insider trading.
  - (d) Primary marketing.
9. Recent financial innovations include :
- (a) Hedge funds.
  - (b) Private equity.
  - (c) Weather derivatives.
  - (d) All the above.
10. Bill market consists of the following *except* :
- (a) Commercial bill market.
  - (b) Treasury bills market.
  - (c) Certificates of deposits.
  - (d) Indigenous bankers.
11. The important feature/s of call money market is/are :
- (a) The call market enables the banks and institutions to even out their day-to-day deficits and surpluses of money.
  - (b) Commercial banks, co-operative banks and primary dealers are allowed to borrow and lend in this market for adjusting their cash reserve requirements.
  - (c) Specified All Indian Financial Institutions, Mutual Funds and certain specified entities are allowed to access call/ notice money only as lenders.
  - (d) All the above.

12. \_\_\_\_\_ eliminate the risk of future price movements.
- (a) Hedging. (b) Speculation.  
(c) Underwriting. (d) Dematerialization.
13. Which of the following statement is not true about swaps ?
- (a) Swaps are derivative contracts that involve two holders, or parties to the contract, to exchange financial obligations.  
(b) Interest rate swaps are the most common swaps contracts entered into by investors.  
(c) Swaps are always traded on the exchange market.  
(d) All the above.
14. \_\_\_\_\_ gives the party making the floating-rate payments the right to terminate the swap.
- (a) Callable swap. (b) Puttable swaps.  
(c) Extendable swaps. (d) Rate-capped swaps.
15. GDR stands for :
- (a) Global Depository Receipts. (b) General Depository Receipts.  
(c) Gross Depository Rate. (d) Generalised Depository Rate.

(15 × 1/5 = 3 weightage)

### Part B

*Answer any **five** questions.*

*Each question carries 1 weightage.*

16. Define financial system.
17. What are participatory notes ?
18. What is meant by a merchant bank ?
19. What is debenture ?
20. What is eurocurrency market ?
21. Define dematerialisation.
22. What is meant by money market mutual funds ?
23. Define financial innovation.

(5 × 1 = 5 weightage)

**Turn over**

**Part C**

*Answer any **seven** questions.*

*Each question carries 2 weightage.*

24. Explain the role of financial intermediaries in economic development.
25. Examine the relationship between financial inclusion and inclusive growth.
26. Explain the objectives and functions of SEBI.
27. Describe the structure of Indian Money Market.
28. Explain features and functions of primary market.
29. Define swaps. Distinguish between interest rate swaps and foreign currency swaps.
30. Evaluate the capital market reforms in India since 1991.
31. What are the functions of stock exchanges ? Prepare a note on stock exchanges in India.
32. Explain the different types of debentures.
33. Define secondary market. What are the instruments of the secondary market ?

(7 × 2 = 14 weightage)

**Part D**

*Answer any **two** questions.*

*Each question carries 4 weightage.*

34. Describe the meaning and instruments of money market.
35. Explain features of eurocurrency market. Evaluate the reasons for the growth of euro currency market ?
36. Discuss the functions of capital market.
37. What are the main types of derivatives ? Describe the participants in the derivative markets.

(2 × 4 = 8 weightage)