D 142920 **(Pages : 5)** **Name.......................................**

Reg. No..................................

FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2026

(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. —————————— gives the party making the fixed payments the right to terminate the swap prior to its maturity.

    (a) Callable swap. (b) Putable swaps.

    (c) Extendable swaps. (d) Rate-capped swaps.

2. FCCB stands for :

    (a) Foreign Currency Convertible Bond.

    (b) Foreign Credit Convertibility Base.

    (c) Future Currency Convertibility Bond.

    (d) Future Currency Convertible Bond.

3. The trading in index options commenced in :

    (a) 1996. (b) 1998.

    (c) 2001. (d) 2004.

Turn over

4. Choose the correctly defined statement :

   (a) Bonus issue means that when a company offers its securities to a small group of people.

   (b) The rights issue is one of the quickest methods for a company to raise capital for their business.

   (c) Qualified institutional placement is a type of private placement

   (d) In preferential issue, the investors have a choice of buying shares at a discount price within a specific period.

5. If one wants to invest in share market through online trading, one needs :

   (a) Money.

   (b) Demat account.

   (c) Online trading account.

   (d) All the above.

6. Which among the following is a money market instrument ?

   (a) Certificates of deposit. (b) Commercial paper.

   (c) Bankers' acceptances. (d) All the above.

7. The National Stock Exchange of India Limited (NSE) was established in :

   (a) 1975. (b) 1988.

   (c) 1992. (d) 1998.

8. Money market funds can be categorized into following groups *except* :

   (a) Prime money market funds.

   (b) Government money market funds.

   (c) Tax-free money market funds.

   (d) Negotiable money market funds.

9. Unorganized market consists of :

   (a) Indigenous bankers. (b) Money lenders.

   (c) Both (a) and (b). (d) Neither (a) nor (b).

10. Choose the <u>incorrect</u> feature of normal maturity period of bills :

    (a) Usuancehundi - 30 to 120 days.

    (b) Export bills - 90 days.

    (c) Import bills - 180 days.

    (d) Internal trade bills - 90 to 180 days.

11. Which is biggest stock exchange in India ?

    (a) BSE. (b) NSE.

    (c) OTCEI. (d) NASDAQ.

12. Functions of merchant banks include :

    (a) Portfolio management.

    (b) Raising funds for client.

    (c) Managing public issue of companies.

    (d) All the above.

13. Certificates issued by large commercial banks and other depository institutions as a short-term source of funds are :

    (a) Commercial bills. (b) Negotiable certificates of deposits.

    (c) Banker's acceptance. (d) Repurchase agreements.

14. —————————— is *not* an instrument in the capital market

    (a) Equities. (b) Preference shares.

    (c) Commercial papers. (d) Derivatives.

15. Identify the correct statement/s related to OTCEI :

    (a) OTCEI was incorporated in 1990 under the Companies Act, 1956.

    (b) OTCEI commenced operations in the year 1992.

    (c) OTCEI is under the ownership of Ministry of Finance, Government of India.

    (d) All the above.

(15 × 1/5 = 3 weightage)

Turn over

Part B

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

16. Define certificate of insurance.
17. What do you mean by international bond ?
18. Differentiate between futures and options.
19. Explain the meaning and purpose of margin trading.
20. What is a Depository ?
21. Give examples of tangible and intangible assets.
22. What is meant by insider trading ? Give example.
23. What are the various methods of raising funds in primary market ?

(5 × 1= 5 weightage)

Part C

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

24. What are the instruments of the money market ?
25. What are the functions of stock exchanges ?
26. Describe the procedure for listing of securities.
27. Examine the meaning and types of liquidity products in capital market.
28. Prepare a note on Foreign Institutional Investment.
29. What is the difference between share and debenture ? Explain different types of equity shares.
30. Explain Stock Futures and Stock Index Futures in India.
31. Describe money market and capital market reforms in India after 1991.
32. Differentiate between Euro notes and Euro commercial papers.
33. Explain meaning and benefits of mutual funds.

(7 × 2 = 14 weightage)

Part D

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

34. Examine the features of a developed money market. Discuss the structure of Indian money market.

35. Explain major participants in financial markets. Evaluate the role of financial intermediaries.

36. Distinguish between primary market and secondary market. Explain features and functions of primary market.

37. Explain different types of derivative contracts. Discuss the uses of derivatives.

(2 × 4 = 8 weightage)

D 142920-A **(Pages : 4)** **Name.......................................**

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(CBCSS)

Economics

ECO 4C 13—FINANCIAL MARKETS

(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes	Total No. of Questions : 20	Maximum : 5 Weightage

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 4C 13—FINANCIAL MARKETS

(Multiple Choice Questions for SDE Candidates)

1. Which of the following is true ?

   (A) The initial public issues are made in primary market whereas all subsequent issues are made in the secondary markets.

   (B) Primary markets are legal whereas secondary markets are not.

   (C) Primary markets deal in shares whereas secondary markets are meant for debentures.

   (D) Corporates raise resources directly from the investors through the Primary Market, whereas in the Secondary Markets, investors buy and sell securities from one another.

2. The benchmark stock market index of India is ————————.

   (A) S and P 500. (B) Nikkei 225.

   (C) Dow Jones. (D) The NSE Nifty 50.

3. Book Building exercise through the NSE's on-line system offers the following / benefits :

   (A) A fair, efficient and transparent method for collecting bids using latest electronic systems.

   (B) Costs involved in the issue are far less than those in a normal IPO.

   (C) The system reduces the time taken for completion of the issue process.

   (D) All of the above.

4. Which of the following is not true about Exchange Traded Funds (ETF) ?

   (A) An ETF is like a Bank deposit.

   (B) An ETF represents a basket of stocks that reflect an index such as the Nifty.

   (C) An ETF's price changes throughout the day, fluctuating with supply and demand.

   (D) By owning an ETF, you get the diversification of an index fund plus the flexibility of a stock.

5. Equity shares have mostly ———————— all other forms of investments in the longterm.

   (A) Remained neutral when compared to.

   (B) Outperformed.

   (C) Underperformed.

   (D) Given negative returns when compared to.

6. Which of the following has voting rights in a company ?

   (A) Equity shareholders. (B) Creditors.

   (C) Debenture holders. (D) Preference shareholders.

7. Nifty index is used in ————————.

   (A) Derivatives. (B) Index Funds.

   (C) Exchange Traded Funds (ETFs). (D) All of the above.

8. T + 2 settlement cycle in a stock exchange means, the trade is settled ———————— days after the trade.

   (A) 1 day. (B) Same day as the trade.

   (C) 2 days. (D) 3 days.

9. The administrative head office of SEBI is at ————————.

   (A) New Delhi. (B) Bombay.

   (C) Kolkata. (D) Chennai.

10. The base year of Nifty is ————————.

    (A) 1992. (B) 1978.

    (C) 1987. (D) 1995.

11. Permanent removal of securities of a company from the stock exchange :

    (A) De-listing. (B) Re- listing.

    (C) Listing. (D) None of these.

12. A control system on excessive fluctuation in stock market prices is called ————————.

    (A) Circuit breaker. (B) Stock index.

    (C) Depository. (D) None of these.

13. ———————— is a market where unlisted securities are dealing.

    (A) Grey market. (B) Kerb market.

    (C) Capital markets. (D) None of these.

14. Securities of ______________ companies are traded in secondary market.

    (A) Listed. (B) Relisted.

    (C) Unlisted. (D) None of these.

15. An option exercised at the time of maturity is termed as ______________.

    (A) American option. (B) European option.

    (C) Call options. (D) None of these.

16. As ______________ includes government securities.

    (A) Group B share. (B) Group A share.

    (C) Group G shares. (D) None of these.

17. ______________ is a contract through which each parties exchange the cash flows or liabilities from two different financial instrument.

    (A) Swap (B) Forward.

    (C) Option. (D) None of these.

18. OTCEI stands for Over the Counter ______________ of India.

    (A) Exchange. (B) Expand.

    (C) Extent. (D) None of these.

19. ______________ issued by the Central Government or State Governments are referred to as Government Securities.

    (A) Instruments. (B) Securities.

    (C) Bonds. (D) Shares.

20. Government securities are issued through ______________ of RBI.

    (A) Public debt office (B) SEBI.

    (C) DFHI. (D) Stock exchange.