



Reg. No. :

Name :

III Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)

Examination, November 2014

(2010 Admn. Onwards)

ECONOMICS

Paper – X : Financial Markets

Time : 3 Hours

Max. Marks: 80

PART – A

Answer all questions. Each question carries 1 mark.

1. Financial Intermediaries are part of

a) Financial Institutions	b) Financial Markets
c) Financial Services	d) Financial Instruments
2. _____ may be exchanged for common stock of the firm.

a) Convertible bond	b) Warrant
c) Puttable bond	d) Indexed bond
3. A measure of market risk Beta (β)

a) > 1	b) < 1	c) 1	d) All of above
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4. Lognormal Distribution is associated with

a) Arbitrage Pricing Theory	b) Markowitz Model
c) Black Scholes Model	d) None of the above
5. Which one is often referred to as "Cox-Ross-Rubinstein Pricing Model" ?

a) Capital Asset Pricing Model
b) Dividend Discount Model
c) Binomial Option Pricing Model
d) None of the above

P.T.O.



6. A bond is a _____
- a) Long term instrument b) Debt instrument
c) Short term instrument d) Long term debt instrument
7. Convertible debentures belongs to
- a) Hybrid instruments
b) Capital market instruments
c) Financial market Instruments
d) None of these
8. Capital Adequacy Ratio of Tier I and Tier II capital by March 31, 2010
- a) 15 percent b) 17 percent
c) 10 percent d) 12 percent
9. Convertible debentures belongs to the category of
- a) Equity shares
b) Preference shares
c) Innovative debt instruments
d) Debentures
10. State Industrial Investment Corporations were geared up to meet the requirements of
- a) Fifth Five Year Plan b) First Five Year Plan
c) Third Five Year Plan d) None of these

(1×10=10)

PART – B

Answer **any eight** questions. **Each** question carries **three** marks.

11. Explain the different types of risk.
12. What is meant by Yield to Maturity ?
13. Write a note on financial instruments.
14. Analyze the role of EXIM bank in the development process.
15. Define Portfolio management.



16. Distinguish between bond valuation and bond yields.
17. Explain Markowitz model.
18. Give a brief account of equity shares.
19. What is meant by Call Money Market ?
20. Explain the concept international diversification .
21. Write a note on 'liquidity premium'.

(3×8=24)

PART – C

Answer **any four** questions. **Each** question carries **five** marks.

22. Give a brief account of Government Securities and Treasury Bills.
23. Explain the role of financial system in economic development.
24. Critically evaluate the need and objectives of financial sector reforms.
25. Explain 'Dividend Discount Model'.
26. Explain the capital assets pricing model.
27. Describe briefly the regional distribution of banking business in India, 1997.

(4×5=20)

PART – D

Answer **any two** questions. **Each** question carries **13** marks.

28. Describe the structure and role of non-bank statutory financial organisations in India.
29. Explain call money, its market and the volume of call loans with respect to the recent developments in the call market in India.
30. What is meant by gilt edged securities ? Examine the recent developments in government securities market.
31. Discuss different forms of foreign capital. Examine in detail the international financial instruments.

(2×13=26)