

Registration no:

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

Total Number of Pages: 03

MBA
15 MNG403B

4th SEMESTER REGUALR EXAMINATION 2016-17
FINANCIAL MARKETS AND SERVICES(FMS)

Branch: MBA

Time: 3 Hours

Max marks: 100

Q.CODE:Z579

Answer Question No.1and 2 which is compulsory and any four from the rest.

The figures in the right hand margin indicate marks.

Answer the following questions:

(2 x 10)

Q1

- a) In primary markets, first time issued shares to be publicly traded in stock markets is considered as
traded offering
public markets
issuance offering
initial public offering
- b) Legal document required by Securities Exchange Board stating associated risks and detailed description of issues is classified as
prospectus
stated document
risk detailed document
exchange commission document
- c) Additional debt instruments or equity instruments of publicly traded firm are included in markets classified as
flow market
primary markets
secondary markets
funding markets
- d) Risk stating assets are sold at low prices because of sudden surge in withdrawals of liabilities is classified as
payment risk
liquidity risk
income risk
balance risk
- e) Financial instruments of public markets includes
transfer funds
bearer bonds
shares
bonds

- f) Institutions classified as depository ones and have loans as their major assets are classified as
 - commercial banks
 - commercial mortgages
 - credit mortgages
 - credit derivative
- g) Commercial paper issued with low interest rate thus commercial paper are categorized as
 - payables rating
 - commercial rating
 - poor credit rating
 - better credit rating
- h) Markets which reallocate liquid funds in relatively fixed amounts are classified as
 - capital markets
 - debt markets
 - secondary markets
 - primary markets
- i) . Depository institutions includes
 - mutual funds
 - commercial banks and thrifts
 - savings banks
 - credit unions
- j) Exchange markets and over counter markets are considered as two types of
 - floating market
 - riskier market
 - secondary market
 - primary market

Q2 **Answer the following questions:**

(2x10)

- (a) What do you mean by Certificate of deposits?
- (b) What is the difference between demand bills and usance bills?
- (c) Distinguish between Rights issue and preferential issue.
- (d) What are the advantages of underwriting?
- (e) Who is a depository participant?
- (f) What are the special features of an open-ended fund?
- (g) Define Net Asset Value.
- (h) Why do we say an investment as a synergetic venture?
- (i) Which industrial characteristics should be considered at the time of rating an organization?
- (j) What are the different methods of venture capital financing?

- Q3 "Financial Intermediaries have to perform the task of Financial innovation to meet the dynamically changing needs of the economy"- Discuss the above statement in the light of the various innovative products introduced in recent times in the Financial services sector. (15)
- Q4 Suppose that long term interest rates are expected to fall in future. How is this to influence the supply of commercial paper and why? Assume that the Government makes a major sale of bonds to the private sector. Explain the likely effect on i) liquidity of the banking system and ii) demand for money market instruments. (7+8)
- Q5 Discuss the drawbacks of the Depository system and suggest measures to make it an efficient one. (15)
- Q6 "SEBI is the watchdog of the securities market". Do you agree? Give reasons in support of your answer. "Stock Exchange is the barometer of a country's prosperity". Explain the statement. (7+8)
- Q7 What are the economic reasons for the existence of Mutual Funds? Why do individuals rather than corporations, hold most mutual funds? Discuss. (15)
- Q8 What is the strategic role of Venture capital in the development of a country? Discuss the scope of venture capital in India. Differentiate among operating lease, financial lease and lease and sales back. (7.5+7.5=15)