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Total number of printed pages – 2

MBA
MBA 406 B

Fourth Semester Examination – 2013

FINANCIAL INSTITUTIONS AND FINANCIAL MARKETS

QUESTION CODE : A 412

Full Marks – 70

Time : 3 Hours

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

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2×10
- (a) What does financial intermediary include ?
 - (b) Why the Secondary market for Gilt-edged securities is very narrow ?
 - (c) Distinguish between ordinary and adhoc treasury bills.
 - (d) Why the government was keen on demutualization of stock exchanges ?
 - (e) Why Certificate of deposits is issued by banks and financial institutions ?
 - (f) In which forms investors earn a return from their equity investment ?
 - (g) Why a convertible debenture is called a hybrid security ?
 - (h) What does depository indemnify ?
 - (i) What are the objectives of credit rating ?
 - (j) Why and when STCI was established ?

P.T.O.

2. (a) Would you invest in preference share of a new company setting up a Project that has a long gestation period ? 5
- (b) AN investor prefers a 10% 3 year fixed deposit to a debenture of the same company offering the same coupon for the same tenor. What would you do, if you were his portfolio manager ? 5
3. Critically examine the role of stock exchanges in the financial system of a country. 10
4. Why is it easier to pledge dematerialized securities than physical securities ? Discuss. 10
5. What is private placement ? State reasons for companies' preferring private placement as the most appealing method of floatation of securities. 10
6. What do you mean by Merchant banking ? Examine the role of a merchant banker in the corporate enterprises. 10
7. Critically examine the services offered by credit rating agencies to the investors and to the companies. 10
8. Discuss the objectives and functions of the Discount and Finance House of India. 10