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Total Number of Pages : 02

**MBA**  
**15MNG403B**

**4<sup>th</sup> Semester Regular / Back Examination 2017-18**

**FINANCIAL MARKETS AND SERVICES (FMS)**

**BRANCH : MBA**

**Time : 3 Hours**

**Max Marks : 100**

**Q.CODE : C261**

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

**The figures in the right hand margin indicate marks.**

**Q1. Answer the following questions :**

**(2 x 10)**

- a) Type of structured market through which funds flow with the help of financial instruments such as bonds and stocks is classified as
- (i) Financial market
  - (ii) Non financial market
  - (iii) Funds market
  - (iv) Flow market
- b) Risks stating assets are sold at low prices because of sudden surge in withdrawals of liabilities is classified as
- (i) Payment risk
  - (ii) Liquidity risk
  - (iii) Income risk
  - (iv) Balance sheet risk
- c) In Capital market, major suppliers of trading instruments are
- (i) Govt. and Corporations
  - (ii) Liquid corporations
  - (iii) Instrumental corporations
  - (iv) Manufacturing corporations
- d) Markets in which transactions are done through computers and telephone without any specific locations is classified as
- (i) Past counter market
  - (ii) Future counter market
  - (iii) Over the counter market
  - (iv) Capital counter market
- e) Commercial paper issued with low interest rates thus commercial paper is categorized as
- (i) Commercial rating
  - (ii) Payables rating
  - (iii) Better credit rating
  - (iv) Poor credit rating
- f) For a particular security transaction, agreement is "repo" with point of view of
- (i) Security seller
  - (ii) Security buyer
  - (iii) Security function
  - (iv) Security broker
- g) Markets which reallocate liquid funds in relatively fixed amounts is classified as
- (i) Capital markets
  - (ii) Debt markets
  - (iii) Secondary markets
  - (iv) Primary markets

- h) Depository institutions include
  - (i) Commercial banks and thrifts
  - (ii) Mutual funds
  - (iii) Credit unions
  - (iv) Savings banks
- i) A Factor affecting the growth of VC finance
  - (i) Culture and environment
  - (ii) Interest rates
  - (iii) Easing stock market barriers
  - (iv) Increased business banking finance
- j) A "no load mutual fund" is
  - (i) One that has zero operating expenses
  - (ii) Typically marketed directly to customers, charging no commission
  - (iii) One that has a negative rate of return
  - (iv) A type that does not invest in stock

**Q2. Answer the following questions :**

**(2 x 10)**

- a) What is the primary function of the financial system?
- b) What are the requirements of a developed Money market?
- c) What does financial market facilitate?
- d) Bring out the difference between Rights issue and preferential issue?
- e) What do the circuit breakers or price bands bring about?
- f) What is the primary objective of listing securities?
- g) What is the aim of growth fund?
- h) Which industrial characteristics should be considered at the time of rating an organization?
- i) State the difference between commercial banking and merchant banking.
- j) What are the needs of venture capital financing?

**Q3.** What do you mean by "Financial System"? Discuss in detail how does it channelize money between different sectors? **(15)**

**Q4.** "Financial intermediaries have to perform the task of financial innovation to meet the dynamically changing needs of the economy". Discuss the given statement in the light of the various innovative products introduced in recent times. **(15)**

**Q5.** What do you understand by New issue market? Explain the different methods of marketing corporate securities in the New issue market. Explain the regulations governing primary capital market in India. **(15)**

**Q6.** Distinguish between genuine trading and speculative trading? Discuss the different kinds of speculators operating in a stock exchange and their methods of dealings. **(15)**

**Q7.** Explain the meaning and the basic tenets of credit rating agencies. What are the various steps involved in the rating process? Discuss. **(15)**

**Q8.** Explain the financial activities that come under the ambit of Merchant banking? What is the code of conduct laid down by SEBI which the merchant bankers have to abide by? **(15)**