



Name :

Roll No. :

Invigilator's Signature :

**CS/MBA (New)/SEM-4 (FT)/FM-404/2010
2010**

FINANCIAL INSTITUTION AND MARKETS

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Which of the following is a kind of fee based activity of a financial intermediary ?
- a) Hire purchase financing
 - b) Leasing
 - c) Capital issue management
 - d) Underwriting of shares.
- ii) The process of managing the sales ledger of a client by a financial service company is called
- a) Forfeiting
 - b) Factoring
 - c) Leasing
 - d) Securitisation of debt.



- iii) The pattern of investment of a mutual fund is oriented towards fixed income yielding securities under
- a) Growth fund scheme
 - b) Income fund scheme
 - c) Balanced fund scheme
 - d) Money market mutual fund scheme.
- iv) In India, the company which actually deals with the corpus of the mutual fund is called
- a) Sponsor company
 - b) Trustee company
 - c) Asset management company
 - d) Mutual fund company.
- v) AAA refers to
- a) Highest safety
 - b) Adequate safety
 - c) Moderate safety
 - d) High safety.
- vi) Registration of brokers is made
- a) optional
 - b) adequate safety
 - c) moderate safety
 - d) compulsory.
- vii) The total underwriting obligation of an underwriter should not exceed
- a) 20 times of his net worth
 - b) 10 times of his net worth
 - c) 5 times of his net worth
 - d) 15 times of his net worth.
- viii) The credit card is a
- a) pay later product
 - b) pay now product
 - c) both (a) and (b)
 - d) none of these.



- ix) Close-ended schemes of mutual funds
- a) have specified maturity period
 - b) cannot be subscribed at any time
 - c) both (a) and (b)
 - d) none of these.
- x) CRR stands for
- a) Cash Reserve Ratio
 - b) Current Reserve Ratio
 - c) Capital Reserve Ratio
 - d) Cash Return Ratio.
- xi) An order for the purchase of securities at a fixed price is known as
- a) Limit order
 - b) Open order
 - c) Discretionary order
 - d) Stop loss order.
- xii) BOLT stands for
- a) Bombay Online Trading
 - b) BSE Online Trading
 - c) Bureau of Listed Traders
 - d) Board of Listed Trading.

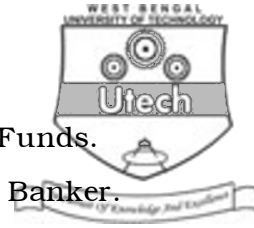
GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Differentiate between Physical Assets and Financial Assets with examples.
3. What is financial instrument ? What do you understand by multiplicity of financial instrument ?
4. Discuss the nature of trading in Commodity Exchanges.

CS/MBA (New)/SEM-4 (FT)/FM-404/2010



5. Explain the origin and meaning of Mutual Funds.
6. State the qualities required for a Merchant Banker.
7. Explain 'Green Shoe Option'.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

8. a) Compare and contrast Money Market and Capital Market. 6
- b) Discuss the characteristic features of Mortgage Market, Financial Guarantee Market and Treasury Market. 9
9. a) What is Commercial Paper (CP) ? 3
- b) State the features of Commercial Paper. 3
- c) State four advantages of Commercial Paper. 4
- d) A company issues CP whose face value is Rs. 5,00,000.00 for 180 days and the net amount realized is Rs. 47,500.00. What is the pre-tax cost of CP for the company ? 5
10. What are the various classifications of financial market ? Do you think Industrial Securities Market is a more happening place than the rest ? Give your views.
11. What are the various ways through which money can be raised in New Issue market ? Discuss the methods and the procedures.
12. Explain various types of speculative transactions. Discuss the power of SEBI to stop malpractices in the securities market.