

**MA ECONOMICS
FOURTH SEMESTER (SPECIAL REPEAT)
FINANCIAL ECONOMICS
MEC-402**

(Use Separate Answer Scripts for Objective & Descriptive)

Duration : 3 hrs.

Full Marks: 70

[**PART-A: Objective**]

Time : 20 min.

Marks : 20

Choose the correct answer from the following:

1X20=20

1. Financial institutions are also known as
 - a. Financial organization
 - b. Financial intermediaries
 - c. Financial system
 - d. Any of the above
2. In which year was the Banking Regulation Act passed?
 - a. 1949
 - b. 1955
 - c. 1959
 - d. 1969
3. Which of the following is not related with Money Market?
 - a. Treasury Bills
 - b. Commercial Bills
 - c. Certificates of Deposit
 - d. Shares
4. The market in which new Securities are issued by the Corporations to raise funds are called:
 - a. Primary Markets
 - b. Secondary Markets
 - c. Gross Markets
 - d. Proceeds Markets
5. Which of the following statement is true about Certificates of Deposits?
 - A. It is secure instrument in comparison of Commercial Paper.
 - B. It is a promissory note.
 - C. It is traded in Capital Market.
 - D. It was introduced in 1990
 - a. Option C & D are false
 - b. Option A & B are false
 - c. Option A, C & D are correct
 - d. All the options are correct
6. Capital market regulator is:
 - a. RBI
 - b. IRDA
 - c. NSE
 - d. SEBI
7. What is Call Money?
 - a. It is an overnight loan in the Money Market
 - b. It is loan of above 1 day to 14 days in the money market
 - c. It is loan of above 14 day to 364 days in the money market
 - d. It is an amount charged on ISD
8. Which of the following documents is essential in all public and rights issues?
 - a. PAN
 - b. VOTER ID
 - c. AADHAR
 - d. All

9. What was the major reason behind the introduction of reforms in the capital market?
- 1991-92 securities scam
 - Oil price shock
 - Government securities shortage
 - Capital market instability
10. Which of the following is not function of SEBI?
- Protecting the interests of investors
 - Registration of share brokers
 - Change in the cash Reserve Ratio
 - Allow Foreign Institutional Investors (FII) to invest in the securities market.
11. Which of the following is not an organized sector in India?
- Nationalized Banks
 - Regional Rural Banks
 - Cooperative Banks
 - Chits and Money lenders
12. What is the minimum amount at which Commercial Paper can be issued?
- The minimum amount for Commercial Papers is 5 lakhs.
 - The minimum amount for Commercial Papers is 5 Crores.
 - The minimum amount for Commercial Papers is 1 lakh.
 - The minimum amount for Commercial Papers is 1 Crore.
13. Which of the following combinations is correct?
- NABARD-----Industrial Loan
 - RBI-----Long term Finance
 - RRB-----Agriculture Finance
 - IDBI-----Short Term Loans
14. "Scheduled bank" in India means a bank _____.
- Incorporated under the Companies Act, 1956
 - Authorized to the Banking business
 - Governed by the Banking Regulation Act, 1949
 - Included in the Second schedule to the Reserve Bank of India Act 1934
15. The yields from a bond with a higher level of risk is
- Zero
 - Higher
 - Lower
 - Infinite
16. The Component of Capital Market are:
- Equity Market
 - Debt Market
 - Derivative Market
 - All of the above
17. Which among the following financial instruments are dealt by Primary Dealers?
- Bonds
 - Mutual Funds
 - Government securities
 - Debentures
18. The exchange markets and over the counter markets are considered as two types of:
- Floating market
 - Risky market
 - Secondary market
 - Primary market

19. Which of the following is least risky?
- a. Equity
 - b. Corporate Bonds
 - c. Treasury Bills
 - d. Certificate of Deposits
20. Which of the following statement is false about Treasury Bills?
- A. It is a secure Instrument.
 - B. It is a promissory note.
 - C. It is issued by government.
 - D. It is issued maximum for maturity of 1 year
- a. Option A & B are false
 - b. Only option C is true
 - c. Option A & D are correct
 - d. All the options are correct

-- --- --

(PART-B : Descriptive)

Time: 2hrs. 40 mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

- | | | |
|----|--|----|
| 1. | Explain the various components of Indian Financial system. | 10 |
| 2. | a. Explain the different types of debt instruments. | 7 |
| | b. Why is valuation of a business or asset important? | 3 |
| 3. | a. Explain the stock market and its operation. | 6 |
| | b. Write a note on BSE. | 4 |
| 4. | a. Elaborate Mutual Fund and its functions. | 6 |
| | b. Write a note on Indian Money Market and its contribution to the Economy. | 4 |
| 5. | a. Explain the evolution of the stock market in India. | 7 |
| | b. What are its limitations? | 3 |
| 6. | a. Explain the Loanable fund approach of financial asset pricing. | 4 |
| | b. Explain in short the evolution of banking system in India. | 6 |
| 7. | a. Discuss the different types of public issues in brief. | 7 |
| | b. What do you mean by private placement? | 3 |
| 8. | a. Discuss the determination of prices of securities in the primary market. | 4 |
| | b. What are the recommendations of Narashiman committee report of Indian banking system? | 6 |

= = *** = =