

MA ECONOMICS
FOURTH SEMESTER
FINANCIAL ECONOMICS
MEC – 402

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- The amount which is paid at the time of maturity of the bond is equal to:
 - Face Value
 - Yield
 - Coupon
 - All of the above
- What is the simple example of Stock Index in India?
 - NSE
 - Sensex
 - BSE
 - SEBI
- 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.
- Capital market regulator is:
 - RBI
 - IRDA
 - NSE
 - SEBI
- The market in which new Securities are issued by the Corporations to raise funds are called:
 - Primary Markets
 - Secondary Markets
 - Gross Markets
 - Proceeds Markets
- Which of the following is least risky?
 - Equity
 - Corporate Bonds
 - Treasury Bills
 - Certificate of Deposits
- The Component of Capital Market are:
 - Equity Market
 - Debt Market
 - Derivative Market
 - All of the above
- The exchange markets and over the counter markets are considered as two types of:
 - Floating market
 - Risky market
 - Secondary market
 - Primary market
- Which among the following financial instruments are dealt by Primary Dealers?
 - Bonds
 - Mutual Funds
 - Government securities
 - Debentures

10. Industrial Development Bank of India is
- | | |
|--|---|
| a. Wholly-owned Government of India undertaking | b. Wholly-owned subsidiary of Reserve Bank of India |
| c. A corporation and owned by Government of India and public sector banks. | d. Public Limited Company |
11. _____ allocates saving efficiently in an economy to ultimate users either for investment in real assets or for consumption.
- | | |
|---------------------|-------------------|
| a. Economic system | b. Banking system |
| c. Financial system | d. Market system |
12. _____ is regarded as a queen of Indian financial system.
- | | |
|---------------------|--------|
| a. SEBI | b. RBI |
| c. Finance Ministry | d. BSE |
13. Which of the following is the regulator of Money market?
- | | |
|---------------------------------|------------------------------------|
| a. Reserve Bank of India | b. Government of India |
| c. Telecom Regularity Authority | d. Insurance Regularity Department |
14. Which of the following is not an organized sector in India?
- | | |
|-----------------------|----------------------------|
| a. Nationalized Banks | b. Regional Rural Banks |
| c. Cooperative Banks | d. Chits and Money lenders |
15. Which of the following is not related with Money Market?
- | | |
|----------------------------|---------------------|
| a. Treasury Bills | b. Commercial Bills |
| c. Certificates of Deposit | d. Shares |
16. "Scheduled bank" in India means a bank _____.
- | | |
|---|--|
| a. Incorporated under the Companies Act, 1956 | b. Authorized to the Banking business |
| c. Governed by the Banking Regulation Act, 1949 | d. Included in the Second schedule to the Reserve Bank of India Act 1934 |
17. 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 |
18. 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 |

19. 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
20. The financial Market where debt and stocks are traded and maturity period is more than a year is classified as:
- a. Shorter term Markets
 - b. Capital Markets
 - c. Counter Markets
 - d. Long-term Markets

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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|---|----------|
| 1. Write a note on Indian Money Market and its contribution to the Economy | 10 |
| 2. a) Explain Certificate of Deposit.
b) What is Call Money market? What are the factors that influence the call money market? | 4+3+3=10 |
| 3. a) Elaborate Mutual Fund and its functions.
b) What are the main roles of RBI in Indian Money market? | 6+4=10 |
| 4. a) What are the main functions of capital market?
b) What is primary and secondary market? | 4+6=10 |
| 5. a) What are public issue and right issue of primary market?
b) What do you mean by private placement? | 6+4=10 |
| 6. a) Explain financial derivatives.
b) Write a note on BSE. | 6+4=10 |
| 7. a) Explain the Loanable fund approach of financial asset pricing.
b) Explain in short the evolution of banking system in India. | 4+6=10 |
| 8. a) Write a note on the banking regulation act of 1949.
b) Explain the role of capital market in Indian economic development. | 4+6=10 |

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