



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MBA(New)/SEM-(4 FT & 6 PT)/FM-404/2011  
2011**

**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 )**

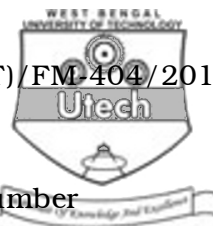
1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) A preliminary prospectus is known as a
  - a) Golden parachute      b) Red herring
  - c) Blue ocean              d) Green shoe.
- ii) The market for extremely short period loans is called
  - a) Call money market      b) Acceptance market
  - c) Treasury bill market    d) None of these.
- iii) In which of the following types of issues does the amount of share capital increase without any increase in the net worth of the company ?
  - a) Public issue              b) Rights issue
  - c) Bought-out deal        d) Bonus issue.



- iv) An order for purchase of securities at a fixed price is known as
- a) limit order
  - b) open order
  - c) discretionary order
  - d) stop loss order.
- v) BRLM in the book building process refers to the
- a) Bond Rating Lowest Measurement
  - b) Book Running Lead Manager
  - c) Beta Rating Lead Measurement
  - d) Best Rated Lead Movement.
- vi) Income earned by Mutual Fund registered with SEBI is exempt from Income Tax as per Section
- a) 10 ( 23 D )
  - b) 10 ( 33 )
  - c) 88
  - d) total income is taxable @ 33.2%.
- vii) Yield and price of a Bond move
- a) in opposite directions
  - b) together in the same direction
  - c) in an unrelated direction
  - d) in line with the inflation index.
- viii) "AMC" in the context of mutual funds stands for
- a) Automated Market Consideration
  - b) Asset Management Company
  - c) Assured Minimum Cushion
  - d) Alternate Management Cushion.



- ix) A Credit Card is specially identified with
- CPP number
  - PAN number
  - PIN number
  - CVV number.
- x) The insurance company which is not a life insurance company is
- OM Kotak Mahindra
  - Birla Sunlife
  - ICIUI-Lombard
  - Tata-AIG.
- xi) The minimum net worth for the first category of merchant banker is
- Rs. 10 lakh
  - Rs. 20 lakh
  - Rs. 1 crore
  - Rs. 2 crore.
- xii) The process of managing the sales ledger of a client by a financial service company is called
- Forfeiting
  - Factoring
  - Leasing
  - Securitisation of debt.

### GROUP – B

#### ( Short Answer Type Questions )

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

- What is a financial instrument ?
- Discuss the importance of Money Market and name some participants.
- What is the utility of revising the repo and reverse repo rates ?
- Explain the origin and meaning of Mutual Funds.
- State the qualities required for a Merchant Banker.
- Explain 'Green Shoe Option'.



**GROUP – C**

**( Long Answer Type Questions )**

Answer any *three* of the following.

$3 \times 15 = 45$

8. Indian banks are in the process of integrating all its risk management function through BASEL II. In this regard state the importance of "Capita Adequacy Norms" and "Prudential Accounting Norms."  
 $7 \frac{1}{2} + 7 \frac{1}{2}$
9. What do you mean by Hire Purchase ? What are the rights enjoyed by the hirer ? Compare hire purchase and leasing as methods of financing.  
 $5 + 5 + 5$
10. What are the characteristics of Treasury Bills ? What will be the discount rate an coupon equivalent of a 91-day treasury bill, if it is issued at a fixed price of Rs. 90.50 for face value of Rs. 100 ? State the advantages of Treasury Bills.  
 $5 + 5 + 5$
11. Distinguish between Treasury Bills and Commercial Papers. Explain different types of Treasury Bills.  
 $8 + 7$
12. What do you mean by Kerb Trading ? Discuss the SEBI guidelines regarding buy back of shares.  
 $5 + 10$
13. What do you mean by credit rating ? What are the benefits of credit rating ? Discuss the SEBI guidelines regarding credit rating.  
 $2 + 5 + 8$
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