

2016

M.Com. 1st Semester Examination
FINANCIAL INSTITUTION AND MARKETS

PAPER—COM-104

Full Marks : 50

Time : 2 Hours

The figures in the margin indicate full marks.

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

Illustrate the answers wherever necessary.

Unit - I

[Marks : 20]

1. Answer any *two* of the following : 5×2
- (a) Briefly discuss the components of financial system and their inter-relationship. 5

(Turn Over)

(b) State the role of NABARD in rural development of India.

5

(c) State the functions performed by the non-banking financial companies. Mention the regulations to investment of Residuary Non-Banking Companies as imposed by RBI.

3+2

(d) Write a short note on Credit risk.

5

2. Answer any *one* question from the following : 10×1

(a) Explain the comparative performance of public sector banks, new private sector banks and foreign banks in India after introduction of reforms.

10

(b) (i) What are the different services provided by microfinance institutions ?

(ii) Discuss the challenges faced by microfinance institutions in India.

4+6

Unit - II

[Marks : 20]

- 3.** Answer any *two* questions from the following : 5×2
- (a) Write a short note on Green Five Option.
 - (b) Explain margin trading with the help of an illustration showing how margin requirement changes with in a settlement cycle.
 - (c) Point out a few distinguishing features of Indian money market.
 - (d) How can a Foreign Currency Convertible Bond (FCCB) be issued by an Indian company ? Discuss step-wise the process involved.
- 4.** Answer any *one* question from the following : 10×1
- (a) Give a flowchart showing the book-building process in the primary market. 10
 - (b) (i) Discuss the benefits of convertible as instrument from the issuer company's viewpoint and also from the investor's viewpoint.

- (ii) The following data are available for a convertible debenture. Calculate the premium percentage.

Market prices (at the time of conversion) :

Equity share	: Rs. 20
Debenture	: Rs. 110
Conversion rate	: 5
Conversion value	: Rs. 100
Investment value	: Rs. 95

- (iii) Distinguish between entry load and exit load for the mutual fund schemes. 4+3+3

[Internal Assessment — 10]
