

**2009****M. Com.****1st Semester Examination****FINANCIAL INSTITUTIONS AND MARKETS****PAPER — CM-1104***Full Marks : 50**Time : 2 Hours*

*The figures in the right-hand 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 questions : 5×2
  - (a) Explain the factors affecting the takeover or a merger decision of a bank.
  - (b) Discuss the determinants of interest rate structure.
  - (c) Briefly discuss the various risks associated with E-Banking.
  - (d) Describe the role played by IRDA in connection with Insurance Sector.
  
2. Answer any one question : 10×1
  - (a) (i) "A financial system is a well-integrated system whose parts interact with each other."—Explain.

(Turn Over)

- (ii) Mention the guidelines for issue of certificates of Deposits (CD<sub>s</sub>)
- (iii) Distinguish between certificates of Deposits (CD<sub>s</sub>) and Fixed Deposits (FD<sub>s</sub>). 5+3+2
- (b) (i) Why are mutual funds popular in Indian investment market.
- (ii) What is Index Fund? How does it differ from Exchange Traded Fund? 5(2+3)

### Unit—II

[Marks : 20]

3. Answer any two of the following : 5×2
- (a) Write a short note on "List Z" securities.
- (b) Describe the process of issuing a foreign currency convertible bond (FCCB).
- (c) Explain the calculation of minimum and maximum values of a warrant instrument.
- (d) Define : 'Underwriting' and 'Underwriting Commission'.
4. Answer any one of the following : 10×1
- (a) (i) Elucidate the bull-bear game commonly seen in stock market trading.
- (ii) Describe the trading of a put option contract with the help of a suitable illustration. 5+5
- (b) (i) Distinguish between the role of a 'banker to an issue' and a 'broker to an issue' in case of primary market management.
- (ii) Explain : Initial margin, Mark-to-market margin, Special margin. 4+6

[ Internal Assessment : 10 Marks ]