

**2017**

**M.Com.**

**1st Semester Examination**

**FINANCIAL INSTITUTION AND MARKETS**

**PAPER—COM-104**

**Subject Code—03**

*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 of the following : 2×5

- (a) 'There is a close relationship between financial system and economic growth.' Comment critically.

*(Turn Over)*

- (b) Discuss the roles played by Regional Rural Banks for the development of rural economy.
- (c) Discuss the Credit Risk and Market Risk in the context of a bank.
- (d) Discuss the arguments for the mergers of banks in India. State three cases of mergers of Banks in India and their consequences. 2+3

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

(a) (i) What do you mean by financial inclusion ? Explain how microfinance institutions contribute towards financial inclusion.

(ii) Why does the disadvantaged section of the society prefers microfinance to formal banking system.

(2+3)+5

(b) (i) What are the different types of mutual funds in India ? Mention risk-return profile of any five types of fund.

(ii) Hypothetical Mutual Fund opens issue of one of its schemes, which was functionally an interval scheme i.e. opens only on a particular day of the year, i.e., the 30th June each year. On its first issue on 30th

June, 2015, it accumulated Rs. 4 Cr. by selling 40 lakh units. With its corpus, it invested in only prime three stocks and held until next year. The details of investment was as follows :

Scrip.	NO.	Price	
		30.06.15	30.06.16
DEF	1,00,000	110.00	175.00
PQR	2,50,000	70.00	55.00
XYZ	46,000	250.00	280.00

The annual charges by Asset Management Company is 2% on final value. This scheme attracts 1% entry load for new investors.

- (i) With Rs. 10,000 to invest, how many units of this interval scheme, could Mr. Das buy on 30th June, 2016 ?
- (ii) What is the annual return from this scheme ?

2+2+4+2

### Unit - II

[Marks : 20]

3. Answer any *two* questions from the following : 2×5

- (a) Briefly discuss the guidelines for issue of certificates of Deposit. 5

- (b) Give a brief historical background and present status of Bombay Stock Exchange (BSE). 5
- (c) Classify the primary market issues into various types and give one line description for each of these types. 5
- (d) State the different reasons behind inhibiting the growth of commercial Paper market in India. 5
4. Answer any *one* question from the following : 1×10
- (a) Describe, in brief, the functions generally performed by any four of the primary market intermediaries. 10
- (b) (i) Discuss the important role of Security Market in the development of a country's economy.
- (ii) What do you mean by warrant ? How does it differ from convertibles ? 6+(2+2)
- (c) Describe margin method of trading with the help of an illustration. 10

**[ Internal Assessment — 10 Marks ]**

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