

**2014**

**M. Com.**

**1st Semester Examination**

**FINANCIAL INSTITUTIONS AND MARKETS**

**PAPER — COM-104**

*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 from the following : 5×2
  - (a) Define financial system and briefly discuss the important functions performed by it.
  - (b) Discuss how a sound financial system helps in the economic development of a nation.

*(Turn Over)*

- (c) What is Treasury Bill? Briefly discuss the different types of Treasury Bills traded in India.
- (d) Distinguished between administered interest rate and market determined interest rate.

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

(a) (i) Write the important reforms taken place in the banking sector during the period of liberalisation in the financial sector.

(ii) Briefly discuss the difficulties for proper implementation of E-banking.

7+3

(b) (i) State the objectives of Co-operative banks in India. Briefly discuss the challenges faced by the Co-operative banks.

(ii) Briefly discuss the role of insurance in economic growth.

(2+4)+4

**Unit—II***[ Marks : 20 ]*

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

(a) Following prices of warrants and underlying equity shares are available :

<i>Company</i>	<i>Market Price of equity shares</i>	<i>Exercise price</i>	<i>Market price of warrant</i>
	(in Rs.)	(in Rs.)	(in Rs.)
A	35	37	—
B	63	60	20
C	107	107	5

An investor is entitled to invest in 5 equity shares for holding 1 warrant of any of the companies.

Required :

- (i) to calculate minimum value of the warrant for Company A,
- (ii) to calculate premium of the warrant of Company B, and
- (iii) to calculate maximum value of the warrant for Company C.

1+2+2

(b) Distinguish between the modern-day margin trading and the previously existing (and, presently banned) settlement (or, 'badla') trading. 5

(c) Write short note on :

GDR & FCCBs.

(d) (i) What do you understand by 'dual purpose' mutual fund? Explain the salient features.

(ii) What is an open-ended mutual fund?

3+2

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

(a) (i) Explain 'rolling settlement' against the erstwhile fixed settlement system.

(ii) What are the different trading methods in cash market? Describe them in brief.

4+6

(b) Describe the activities performed by the following primary market intermediaries :

Underwriter, Banker to an issue, Registrar to an issue.

4+4+2

***[Internal Assessment : 10 Marks]***

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