



**First Semester M.Com. (CBCS) Degree Examination, December 2017  
Commerce**

**SC 1.5 (B) : FINANCIAL MARKETS AND INSTITUTIONS (New)**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

1. Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. (10×2=20)

- a) Define Financial market.
- b) What is meant by Commercial paper ?
- c) What is Base rate of interest ?
- d) How does a financial institution differ from a bank ?
- e) Why is Health insurance comes under general insurance ?
- f) What is Endowment policy ?
- g) What is FPO ? Give an example.
- h) What is Sensex ?
- i) What is Productivity theory of interest rate ?
- j) What are open market operations ? Give an example.
- k) How do you compute NAV of a MF ?
- l) What is meant by Price band ?

**SECTION – B**

Answer **any four** questions. **Each** question carries **five** marks. (4×5=20)

2. Explain the functions of Indian financial system.
3. Briefly explain the functioning of money market.
4. What is Dematerialisation ? What are the objectives of introducing Dematerialisation ?

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5. Write a note on working capital finance by commercial banks to industries.
6. Bring out the importance of investment institutions in economic growth.
7. Explain classical theory of interest rate.

SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

8. "Financial system acts as a bridge between the savers and investors". Do you agree ? Justify your answer with examples.
  9. Describe the efforts of SEBI in protecting the interests of investors.
  10. Explain the factors determining the term structure of interest rates.
  11. Critically analyse the role of insurance sector in economic development of a country.
  12. Explain liquidity preference theory of interest.
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