**ST JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.A. ECONOMICS- VI SEMESTER**

**Special Supplementary Examination, JUNE 2019**

**ECA 6218: Financial Institutions and Markets**

**Time: 2.5 hours Max Marks: 70**

Supplementary candidates only.

**This paper contains 1 printed page and 3 parts**

**PART A**

**I Answer any TEN of the following: 3X10=30**

1. Mention the components of the financial system in India.
2. What are Regional Rural Banks?
3. What is a chit fund and Nidhis?
4. What is a call loan? State its features.
5. Define an acceptance market.
6. What are treasury bills? Mention its types.
7. What is sweat equity?
8. Distinguish between fully convertible debentures and partly convertible debentures.
9. Define book building.
10. What is a stock exchange? Name the 2 most important stock exchanges in India.
11. Mention the differences between shares and debentures.
12. Mention any 3 objectives of SEBI.

**PART B**

**II Answer any TWO of the following: 5X2=10**

1. Discuss the various types of instruments that are dealt with in the money market.
2. What are the advantages of owning equity shares?
3. Write a short note on the features of a developed money market.

**PART C**

**III Answer any TWO of the following: 15X2=30**

1. What are mutual funds? Explain its various types.
2. Briefly explain the collateral loan market. What are the various types of collateral securities used to secure loans?
3. What is a primary market? Discuss the recent developments in the primary market in India.

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**B.A. ECONOMICS- VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2019**

**ECA 6218: FINANCIAL INSTITUTIONS AND MARKETS**

**SCHEME**

**3 MARKS:**

1. Financial institutions, markets, instruments, services.
2. Set up by state govt and sponsoring commercial bank to develop rural economy.
3. Chit funds are used to save money in unorganized sector, Nidhis are finance companies which are for middle class families, for members only.
4. Market for very short term funds 24 hours to 1 week. No collateral.
5. Market for banker’s acceptances involved in trade transactions.
6. Treasury bills are short term govt security for 91 days, sold by central bank on behalf of govt. Regular and Adhoc bills.
7. Sweat equity issued by company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of IPR’s.
8. FCD’s are converted into equity shares after lapse of a certain period specified at the time of issue. PCD’s are converted into equity shares partly and the balance is not converted into equity.
9. Fixing a price for issue of securities on a feedback from potential investors based on the perception of a company.
10. Place where securities are bought and sold. BSE, NSE.
11. Debentures raise long term funds through public borrowings, shares give voting rights and ownership.
12. Manage stock exchanges in India, amend bye-laws, etc.
13. **MARKS:**
14. Commercial bills, treasury bills, call money market, certificate of deposits, commercial paper, REPO, ADR’s/GDR’s.
15. No obligation to pay fixed dividend, permanent source of capital, voting rightd, real owners of company, shareholders are real gainers.
16. Developed commercial banking system, central bank, sub markets, near money assets, integrated interest rate structure,

**15 MARKS:**

1. Mutual funds are investing vehicles for investors who pool their savings for investing in diversified securities. Types are according to ownership, scheme of operation, portfolio, location, others.
2. Loans obtained in money market based on collateral securities. Types of collateral securities are government, private, etc.
3. Primary market is the new issue markets. Explain the changes taking place in India.

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