



K19P 0131

Reg. No. :

Name :

**IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)**

Elective – A – Finance

COM 4E03 : FINANCIAL MARKETS AND SERVICES

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is a money market instrument ?
b) Explain the constituents of a money market.
c) What are the weaknesses of Indian money market ?
2. a) What do you mean by currency swaps ?
b) How interest rate swap is different from currency swap ?
c) What is the procedure for pricing currency swap ?
3. a) Define a development bank.
b) Explain the role of UTI in industrial financing.
c) Discuss the role and functions of SIDBI in the development of small and medium scale industries in India.
4. a) What do you understand by venture capital financing companies ?
b) Give a list of five venture capital financing companies in India.
c) Discuss the reforms introduced in NBFC's sector as part of financial sector reforms in India.
5. a) Distinguish between a Mutual Fund Company and Asset Management Company.
b) What are the functions of an Asset Management Company ?
c) Discuss the SEBI guidelines relating to the functions of a Merchant Bank.

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6. a) Define factoring service.
b) Explain different forms of factoring services.
c) What do you mean by credit rating ? What are the functions of credit rating agencies ? (4×9=36)

SECTION – B

Answer the following questions. **Each** question carries **12** marks :

7. a) Discuss the characteristic features of Indian money market. What are the major weaknesses ? What measures have been taken to overcome it in recent years ?

OR

7. b) Discuss the growth and development of Mutual Fund business in India in historical perspective.
8. a) The share of ABC Company are traded at Rs. 70. An investor buys a three month put option at a strike price of Rs. 80 with a premium of Rs. 2. In order to cover his risk, he buys a share with a loan at 15% interest per annum. Will he gain by adopting this strategy.

OR

8. b) X Limited stock is currently priced at Rs. 19. Two call options at strike price of Rs. 17 and Rs. 21 are trading at Rs. 2 and Re. 1. Create a bull call spread. The lot size is 200. What will be his profit, if the stock price is
- a) Rs. 23 and
b) Rs. 18. (12×2=24)