

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**

**SUBJECT CODE:19BA/MC/FS34**

**B.B.A. DEGREE EXAMINATION APRIL – NOVEMBER 2021**

**BUSINESS ADMINISTRATION**

**THIRD SEMESTER**

**COURSE : MAJOR CORE**

**COURSE TITLE : FINANCIAL MARKETS AND SERVICES**

**TIME : 3 HOURS**

**MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL THE QUESTIONS**

**(7x4=28)**

1. Describe the two categories of financial companies with examples.
2. Who are non-banking financial corporations? How are they helpful in the circulation of money?
3. State the credit rating of a debt instrument given by ICRA which in your viewpoint is more attractive for investment. Give reasons to justify your choice as a finance manager to the client.
4. Illustrate as to how the Indian financial system helps in the growth of financial markets.
5. If you are merchant banker; how will you describe yourself to the client?
6. As a shareholder how do you see warrants as?
7. What do you mean by credit rating?

**SECTION – B**

**(16x2=32)**

**ANSWER ANY TWO QUESTIONS**

8. (a) Explain the various instruments of money market. **(8 Marks)**  
(b) According to you as an observer of the money market, specify the instruments with reasons which can be issued by the Government and the RBI under the present circumstances to raise money to fund government hospitals. **(8 Marks)**
9. What are the characteristics of financial services and the challenges faced by such service providers in our country, explain them in detail.
10. (a) Describe the various functions of Indian financial system with examples  
(b) Illustrate each function's importance for a company whose looking forward to raise capital.

**SECTION – C**

**ANSWER ANY ONE QUESTION**

**(1x40=40)**

11. (a) Define financial markets. Elucidate on the classification of financial markets. **(20 Marks)**  
(b) Choose two different markets, explain as to how companies will raise funds through such markets. **(10 Marks)**  
(c) Choose the best answer and justify the same: **(5x2=10)**  
(i) Preference shares are also known as \_\_\_\_\_.  
(A) Hybrid securities, (B) Creditorship securities, (C) Composite securities

(ii) When a bond is sold at a discount with no interest rate, it is known as \_\_\_\_\_.

(A) Deep discount bonds, (B) Floating rate bonds, (C) Zero coupon bonds

(iii) \_\_\_\_\_ is held as store of value and from which return is expected.

(A) Financial instruments, (B) Financial institutions, (C) Financial markets

(iv) When shares are offered to existing shareholders, it is known as \_\_\_\_\_.

(A) Preferential shares, (B) Redeemable shares, (C) Rights issue

(v) Indian financial system measures \_\_\_\_\_.

(A) Transaction cost, (B) Corporate performance, (C) Investment

12. (a) What is meant by mutual funds? Explain in detail the various types of mutual funds. **(20 Marks)**

(b) As an investor how will you choose the right mutual fund for your investment? **(10 Marks)**

(c) Choose the best answer and justify the same: **(5x2=10)**

(i) The rating is \_\_\_\_\_ to the investor.

(A) Not a recommendation, (B) Bench Mark, (C) Index of faith

(ii) When there is expansion of financial needs by a start-up firm, it is known as \_\_\_\_\_.

(A) Expansion financing, (B) Follow-on financing, (C) Early-stage financing

(iii) When a factor has no recourse and makes advances to the seller, it is known as \_\_\_\_\_.

(A) Without recourse factoring, (B) Advance and maturity factoring, (C) Full-service factoring

(iv) When a lessor recovers the entire cost of the asset through lease rentals and residual value, it is called as \_\_\_\_\_.

(A) Open-end leasing, (B) Leveraged lease, (C) Full payout lease

(v) Under financial appraisal, the merchant banker carries out two kinds of analysis, they are \_\_\_\_\_ and \_\_\_\_\_.

(A) Ratios and capital structure, (B) Employment and social benefits, (C) Technology and production capacity

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