

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086**  
(For candidates admitted from the academic year 2023 – 2024)

**B. A. DEGREE EXAMINATION, APRIL 2026**  
**BRANCH IV - ECONOMICS**  
**SIXTH SEMESTER**

**COURSE : MAJOR ELECTIVE**  
**PAPER : FINANCIAL MARKETS**  
**SUBJECT CODE: 23EC/ME/MF45**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

Q. No.	SECTION A PART – A (10 x 2 = 20) Answer all TEN questions in about 50 words each.	CO	KL
1	Define a financial institution	1	1
2	What is a stock market?	1	1
3	Distinguish between banks and non-banks..	1	1
4	What is a derivative security market?	1	1
5	What is time value of money?	1	1
6	What are Options?	1	1
7	List out the functions of a commercial bank.	1	1
8	Distinguish between real interest and nominal interest rate.	1	1
9	What is call money?	1	1
10	Define Liquidity preference.	1	1
Q. No.	PART – B (10 x 2 = 20) Answer any TEN questions out of TWELVE in about 50 words each.	CO	KL
11	State any two Development Financial Institutions.	2	2
12	List out any three instruments of the money market.	2	2
13	What are mutual funds?	2	2
14	Distinguish between primary and secondary stock market.	2	2
15	What is meant by beating the market?	2	2
16	Distinguish between lump sum and annuity valuation.	2	2
17	List out the participants of the stock market.	2	2
18	Distinguish between Life insurance and non-life insurance companies.	2	2
19	What is a capital market line?	2	2
20	What is a foreign exchange transaction?	2	2
21	What is fixed exchange rate?	2	2
22	What is purchasing power parity?	2	2
Q. No.	SECTION B PART – A (4 x 5 = 20) Answer any FOUR questions out of SIX in about 250 words each.	CO	KL
23	Explain the role of the financial markets in the process of economic development.	3	3
24	Discuss the Market segmentation theory of interest.	3	3
25	Briefly discuss weak, semi-strong and strong form of market analysis.	3	3
26	Distinguish between money market and capital market	3	3

27	Evaluate the role of Development Financial Institutions (DFI) in promoting trade and commerce.	3	3
28	Explain the different instruments in money market.	3	3
<b>Q. No.</b>	<b>PART – B</b> (4 x 5 = 20) <b>Answer any FOUR questions out of SIX in about 250 words each.</b>	<b>CO</b>	<b>KL</b>
29	Examine the functions of a commercial bank.	4	4
30	Give an overview of the NBFC's in India.	4	4
31	Evaluate the Loanable fund theory.	4	4
32	Evaluate briefly the Efficient Market Hypothesis	4	4
33	Discuss briefly the different types of derivative security markets.	4	4
34	Write a short note on Stock exchange market in India.	4	4
	<b>SECTION C</b> (2 x 10 = 20) <b>Answer any TWO questions out of FOUR in about 600 words each.</b>	<b>CO</b>	<b>KL</b>
35	Discuss the structure of the Indian Financial market.	5	5
36	Evaluate the role of the different types of mutual funds.	5	5
37	Discuss the role of financial institutions in the foreign exchange market.	5	5
38	Critically evaluate the capital asset pricing model(CAPM).	5	5

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