STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2004-2005 & thereafter)

SUBJECT CODE : **CM/MO/MM54**

B.Com. DEGREE EXAMINATION NOVEMBER 2007
COMMERCE
FIFTH SEMESTER

COURSE   :   **MAJOR – OPTIONAL**
PAPER   :   **MONEY AND CAPITAL MARKET**
TIME   :   **3 HOURS**   **MAX. MARKS : 100**

SECTION - A

ANSWER ALL QUESTIONS: (10 x 3 = 30)

1. What do you understand by a "repo transaction"?

2. What is "OMO" in the context of money markets?

3. State any one major objective of Primary Dealers in the government securities markets in India.

4. What are Ad Hoc Treasury Bills?

5. What are "Zero Coupon Bonds"?

6. What is Listing in the context of secondary markests?

7. What are "A" Group Shares at BSE?

8. What does AMFI stand for and what is its obective?

9. If Mr. Innocent makes a deposit of Rs.10,000 in a bank that pays an interest of 8% compounded semi-annually, how much will he have at the end of two years?

10. What is "Reverse Book Building"?

SECTION - B

ANSWER ANY FIVE QUESTIONS   5x8=40

11. Explain the role of financial system in any economic environment.

12. Compare and contrast bonus issue and stock split. How is bonus issue different from rights issue from the investors' point of view?

13. Explain the term "Due Diligence" in the context of IPO by Indian Companies.

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14. Discuss the concept of red herring prospectus and green shoe option with reference to Indian Capital Markets.

15. Discuss briefly the role of RBI in regulating Indian Money Market

16. Explain as to how SEBI regulates the issuers of securities in the primary market

17. Why do you think that stock exchanges are considered as barometers of economy?

SECTION – C   **2x15=30**
ANSWER ANY TWO QUESTIONS. EACH QUESTION CARRIES 15 MARKS

18. Explain the SEBI guidelines regarding promoters' contribution and lock-in in the context of IPO.

19. a. Explain the salient featuers of Commercial Paper as a money market investment
    b. A corporate issues a Commercial Paper at an effective rate of 10% for 90 days, computed on the basis of money market yield. Compute the issue price if the denomination is Rs.1000000.

20. a. What do you understand by the term "risk" of a financial asset? Distinguish systematic risk and unsystematic risk.
    b. The current price of the stock is Rs.110. The stock does not pay any dividends.
    End of year price (Rs.)   100   105   110   120   125
    Probability   0.1   0.2   0.4   0.2   0.1
    Compute the expected return and the risk of the investment.

21. Explain the significance of clearning and settlement functions of the stock exchanges.

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