

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/  
COMMERCIAL PRACTICE, APRIL - 2024**

**FINANCIAL MARKET**

[Maximum marks: 75]

[Time: 3 Hours]

**PART A**

**I. Answer all the following questions in one word or one sentence. Each question carries 1 mark**

**(9 x 1 = 9 Marks)**

		Module outcome	Cognitive level
1	..... is the market dealing in new securities issued for the first time.	M1.03	R
2	..... is an invitation to the existing shareholders to subscribe for further shares to be issued by a company.	M1.04	R
3	MCX stands for .....	M2.02	R
4	..... buy and sell securities on their own behalf and try to earn through price changes.	M2.03	R
5	..... is an unsecured money market instrument issued in the form of a promissory note.	M3.04	R
6	.....is a market where one currency is exchanged for another.	M3.06	R
7	SEBI was established as an executive body in the year .....	M4.03	R
8	..... act as the banker's bank.	M4.03	R
9	..... is the index of NSE.	M2.02	R

**PART B**

**II. Answer any eight questions from the following. Each question carries 3 marks.**

**(8 x 3 = 24 Marks)**

		Module outcome	Cognitive level
1	List out the features of Indian financial system.	M1.01	R
2	Write a short note on the following:- (a) Speculation (b) Insider Trading	M2.04	U
3	List out any six features of option contracts.	M3.04	R
4	State the objectives of SEBI.	M4.03	R
5	Explain the two types of capital market.	M1.02	U
6	Mr. Madhu has a physical share certificate in his hand. He faces the problem of keeping it in this form and wants to convert it to electronic form. Name the process mentioned here and explain it.	M2.05	A
7	Explain the following terms: (a) Bull (b) Bear (c) Stag	M2.04	U

8	Describe the two types of financial market regulators in India.	M4.01	U
9	Summarize the functions of primary capital market.	M1.04	U
10	List out any six powers of SEBI.	M4.03	R

**PART C**

**Answer all questions. Each question carries seven marks**

**(6 x 7 = 42 Marks)**

		Module outcome	Cognitive level
III	Describe the term capital market. Explain its importance. <b>OR</b>	M1.02	U
IV	Explain different types of instruments used in capital market.	M1.02	U
V	Summarize the term stock exchange. Give an explanation about any three stock exchanges in India. <b>OR</b>	M2.01	U
VI	A jobber quotes the equity shares of ABC Ltd. at ₹ 100 - ₹ 102. (a) Identify the meaning of this statement. (b) Describe the other operators of a stock exchange.	M2.03	A
VII	Explain the term electronic trading system and its advantages. <b>OR</b>	M2.05	U
VIII	State the meaning of depository system. List out the features of depository system.	M2.05	R
IX	Mr. Ganesh is a wheat farmer. He enters into an agreement to sell his harvest at a future date to eliminate the risk of change in prices by that date. He knows that the prices on this market are guided by the spot market price of wheat. Identify the market, where such a transaction would take place. Also explain any three instruments used in this market. <b>OR</b>	M3.04	A
X	Explain the following. (a) Foreign Exchange Market (b) Gilt edged securities	M3.06	U
XI	Write short notes on: (a) Commercial Paper (b) Certificate of Deposits (c) REPO <b>OR</b>	M3.04	U
XII	Identify the risk management technique that focuses on minimizing and eliminating the risk of uncertainty. Explain the technique and its advantages.	M3.05	A
XIII	Describe the role of RBI in money market. <b>OR</b>	M4.02	U
XIV	Explain SEBI guidelines for secondary market.	M4.04	U

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