

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, NOVEMBER - 2023**

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 process by which an underwriter determines the price at which the shares must be sold in an Initial Public Offer.	M1.04	R
2	..... is the organisations, institutions that provide long term funds.	M1.01	R
3	..... is a preferential independent broker who deals in securities on his own behalf.	M2.04	R
4	..... is an entity that holds securities such as stocks in an electronic form.	M2.05	R
5	Admission of a company's securities to trading on a stock exchange is known as	M2.04	R
6	..... is a section of the financial market where financial instruments with high liquidity and short-term maturities are traded.	M3.01	R
7	..... refer to high-quality debt instruments issued by governments or reputed corporations.	M3.06	R
8	The SEBI was established as a statutory body in the year of	M4.03	R
9	..... had full control over monetary policy and money market in India.	M4.01	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 any four functions of the capital market.	M1.02	R
2	Write a short note on MMMF.	M3.04	U
3	Explain the objectives of BSE.	M2.02	U
4	State the meaning of stock exchanges.	M2.01	R
5	Describe the concept arbitrage.	M2.04	U
6	Explain the concept financial intermediaries.	M4.06	U
7	List out the functions of the primary capital market.	M1.02	R

8	Mission Coach Ltd. is a large creditworthy company that manufactures coaches for the Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. To meet the expenses of floatation cost, the company decides to tap the money market. a. Name and explain the money-market instrument the company can use for the above purpose.	M3.04	A
9	List the objectives of SEBI.	M4.03	R
10	Supriya's grandmother who, was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather. As no trading is now done in physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates. Identify and state the process.	M2.05	A

PART C

Answer all questions. Each question carries seven marks

(6 x 7 = 42 Marks)

		Module outcome	Cognitive level
III	Explain the components of the financial market. OR	M1.01	U
IV	State the advantages and disadvantages of debentures.	M1.02	R
V	Explain the concept depository system. OR	M2.05	U
VI	Describe various types of speculators.	M2.04	U
VII	List the advantages and disadvantages of online trading of securities. OR	M2.05	R
VIII	ABC Ltd. a well-known real estate company, started its new company in this sector six months ago. Recently it was revealed that the directors of the company used price-sensitive information for their own personal interest. a) Name the term used for trading malpractice done by directors. b) Identify the dimensions above activity.	M2.04	A
IX	Distinguish between the money market and capital market. OR	M3.02	U
X	Ramesh buys a financial asset from the RBI. He has bought it because he doesn't want to take risks and wants an assured return. This instrument is a promissory note. Based on the above case study, answer the following. a) Which financial asset is indicated in the above case? b) On whose behalf does the RBI issue this instrument? c) State the features of the above mentioned instrument.	M3.04	A
XI	Describe the features of the foreign exchange market. OR	M3.06	R
XII	Explain the concept of commodity market.	M3.06	U
XIII	Explain the role of RBI in the money market. OR	M4.02	U
XIV	Summarise SEBI guidelines for the issue of fresh capital.	M4.04	U
