

FINANCIAL MARKETS**[Time: 3.00 Hrs.]****[Marks: 100]**

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.
 4. Working Notes should form part of main answer.

1. (a) Select appropriate answer from alternatives given below and rewrite the sentences: 10
 - a) Investors often turn to the stock market to grow their capital and seek potential -----.
 - b) The financial market plays a crucial role in facilitating the buying and selling of financial -----.
 - c) Market volatility can be influenced by a variety of factors, including economic indicators and geopolitical -----.
 - d) It's important for investors to conduct thorough research and ----- before making decisions in the financial markets.
 - e) Diversification is a strategy used to mitigate risk in the financial markets by spreading investments across different -----.
 - f) Hedge funds and mutual funds are examples of investment vehicles used by investors in the -----.
 - g) Market participants closely monitor economic ----- such as GDP growth and unemployment rates for insights into the health of the financial markets.
 - h) The bond market provides a platform for governments and corporations to raise ----- by issuing debt securities.
 - i) Investors may utilize technical analysis ----- to analyze past market data and identify potential trends in the financial markets.
 - j) The foreign exchange market facilitates the trading of ----- between countries, enabling businesses to conduct international trade.
1. (b) Select whether following statements are **True** or **False** :
 - a. A credit rating is an opinion on the relative degree of risk associated with debt or securities.
 - b. Crypto currency is a legal mode of payment and have awarded any legal status.
 - c. LIBOR was established as a standardized benchmark for the pricing of floating-rate corporate loans.
 - d. International Merchant Banking is a combination of Banking and consultancy services.
 - e. Banking transactions within National Boundaries are called International Banking.
 - f. Credit rating provides superior Information to the investors.
 - g. Foreign Exchange Market is 24 Hrs Market.

- h. Countries central bank is most influential participant in forex market.
- i. Vehicle currency that is used to transact international business even though it is not the home currency of the importer or exporter.
- j. International Banks use LIBOR as a basis of swap rates.

Q2.A Describe the components of financial markets.	10
Q2B. Elaborate on the current state of the Indian financial system.	5
Q2C. Integration in the financial context.	5
Q3.A. What is the significance of financial markets in promoting economic stability, and how do they contribute to the efficient allocation of capital in the economy?	10
Q3B. Elaborate the differences amongst Money Markets and Capital Markets.	5
Q3C. Detail the classification of shares.	5
Q4.A Elucidate the functionality of all money market instruments.	10
Q4B. Elaborate on advantages and disadvantages of Call Money in detail.	5
Q4C. How does the Discount and Financial House of India contribute to and shape the dynamics of the Indian money market with its distinct role and significance?	5
Q5A .Elucidate the key components and intricacies inherent in foreign exchange transactions?	10
Q5B Distinguish between Devaluation and Depreciation.	5
Q5C Enumerate why Exchange rates play a significant role in balancing the economic system.	5