

ST. JOSEPH'S COLLEGE OF COMMERCE (AUTONOMOUS)

END SEMESTER EXAMINATION - MARCH / APRIL 2015

B.COM (T.T.) - IV SEMESTER

C2 12 404: FINANCIAL MARKETS AND SERVICES

Duration: 3 Hours

Max. Marks: 100

SECTION - A

I) Answer ALL the questions. Each carries 2 marks. (10x2=20)

1. In a country like India the unorganised market exists parallel with the organised financial market? Explain with an example.
2. Stock Market Index is a barometer for market behaviour, explain with an example.
3. Describe the two main classifications of Financial Services with an example for each.
4. What is the significance of credit rating?
5. What are the tax implications of lease for a lessor and lessee?
6. Compare and Contrast Seed Capital and Mezzanine Financing.
7. How does a financial institution help a business to manage its accounts receivables?
8. Give a short note on OTCEI.
9. What is the purpose of a derivative instrument?
10. Who is the present Chairman of SEBI?

SECTION - B

II) Answer any FOUR questions. Each carries 5 marks. (4 x 5 = 20)

11. Prof. Olson's thesis is that markets, institutions and instruments are the prime movers of economic growth. Substantiate.
12. Explain any FIVE fees based financial services.
13. What are the differences between Operating and Financial Lease?
14. Explain the difference between Discounting and Factoring.
15. What are the factors affecting Lease v/s Buy decision making.
16. Explain the five exit routes of venture capital financing.

SECTION - C

III) Answer any THREE questions. Each carries 15 marks. (3 x 15= 45)

17. Money markets are an essential part of the Indian Financial System. Explain its significance and give a brief note on five instruments traded in this market.

18. Explain the various stages of Venture Financing.

19. Write a note on the following:

- a. Junk Bonds
- b. Swaps
- c. Forward Contract
- d. Loan Syndication
- e. Treasury Bills

20. Explain in detail the Credit Rating Methodology.

21. Explain any TEN different kinds of Factoring.

SECTION - D

IV) Compulsory question.

(15 marks)

22.

'Scams driving retail investors away from stock market'

Recent spate of scams like Satyam, 2G and coal allocation scam to name a few have robbed retail investors of the confidence to invest continually.

However, experts at a recent seminar on 'Impact of Scams on Investors' in Rajkot, organised by Business Standard had their own reasons to offer behind the impact.

While some of the experts believed it was the lack of awareness among investors, others cited government's indifference as one of the reasons for impact.

Offering his keynote address as the chief guest, Ashok Koyani, chief executive officer, Saurashtra Kutch Stock Exchange Ltd. said that to avoid being impacted by scams and volatility of market, investors should not only align their investments to their financial goals, but also read and do thorough research.

"If you do not have skills and time to read and research then choose other investment option like mutual fund," he added.

"There will be a setback for a while when we reduce our dependence on FIIs. Yet checks should be maintained on FIIs before investing," Popat added.

Citing the US example where accountability on scams also lies with government, Samir Shah, president of Rajkot Chamber of Commerce and Industry said that the same should be implemented in India where the Indian government is also partly held accountable for corporate scams.

These are some of the excerpts from the seminar.

Questions:

- a. Suggest ways to deal with the reasons cited by experts for the loss of hope by investors.
- b. Mention the investor protection regulations of SEBI.

(10+5)
