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M.Com Semester- III Examination Old Course (Sol)

(November/December 2016)

Paper no.- 7101

Subject- Financial Markets and Institutions

S. No. 7027

Duration: 3 Hours

Max. Marks: 100

General Instructions: Attempt all questions. All questions carry equal marks.

Q1.(a) Explain the term financial deepening. How is financial deepening measured in India? Comment on the relationship between financial deepening and growth. Support your answer with evidence from India. (20)

OR

(b) What is meant by the efficient market hypothesis? Distinguish between operational efficiency and pricing efficiency of capital markets. (20)

Q2.(a) Explain the pure expectations theory. Illustrate your answer with an example. In your opinion, does this theory hold? Why or why not? (20)

OR

(b) Distinguish between exchange traded funds and index funds. How do front end and back end loads impact the returns from a mutual fund investment? (20)

Q3. (a) Provide an overview of banking sector reforms in India. Also comment on the recent problems in the Indian banking industry. (20)

OR

(b) Distinguish between FDI and FII. What are the different ways in which these two forms of foreign capital impact the recipient country? (20)

Q4.(a) Comment on the utility of flow of funds accounts. What are the problems associated with its preparation? (20)

OR

(b) Differentiate between defined contribution and defined benefit pension plans. Also, critically analyze the functioning of the National Pension System in India. (20)

Q5. Comment briefly on any two of the following:

- Yield curve and its significance.
- Role of credit rating agencies in the financial crisis of USA.
- Expectations from New Development Bank.
- "Buying on margin"

(10 x 2 = 20)