

**PSG COLLEGE OF ARTS & SCIENCE**  
**(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2025**  
**(Fifth Semester)**

**Branch – COMMERCE (PROFESSIONAL ACCOUNTING)**

**MAJOR ELECTIVE COURSE – I : FINANCIAL MARKETS**

**Time: Three Hours**

**Maximum: 75 Marks**

**SECTION-A (10 Marks)**

**Answer ALL questions**

**ALL questions carry EQUAL marks**

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	In India, the regulatory body for capital markets is _____ a) RBI                                      b) SEBI c) IRDAI                                  d) NABARD	K1	CO1
	2	_____ is an example of a primary market transaction. a) Trading of shares on NSE b) An IPO (Initial Public Offering) c) Sale of bonds in secondary market d) Buying mutual fund units from another investor	K2	CO2
2	3	The main objective of monetary policy in India is _____ a) Maximizing exports b) Controlling inflation and ensuring growth c) Increasing government employment d) Reducing fiscal deficit	K1	CO1
	4	Which of the following indices measures retail inflation? a) WPI                                      b) Sensex c) CPI                                        d) Nifty	K2	CO2
3	5	The Primary Market is also known as _____ a) New Issues Market b) Stock Exchange c) Debt Market d) Secondary Market	K1	CO1
	6	Qualified Institutional Placement (QIP) is _____ a) Fundraising from foreign investors b) Government borrowing from RBI c) Sale of bonds in foreign markets d) Fund raising from qualified domestic institutional buyers	K2	CO2
4	7	Government Securities Market primarily deals with _____ a) Corporate bonds b) Short-term government debt instruments like T-bills c) Equity trading d) Derivatives trading	K1	CO1
	8	Reverse Repo Rate is used by RBI to _____ a) Borrow money from banks b) Lend money to banks c) Control fiscal deficit d) Set stock market prices	K2	CO2
5	9	Asset Liability Management (ALM) helps banks to _____ a) Issue government bonds b) Increase profits only c) Match assets and liabilities to manage liquidity and risk d) Set interest rates	K1	CO1
	10	NBFCs are _____ a) Non-Banking Financial Companies b) Stock exchanges c) Government-owned banks d) National Banks only	K2	CO2

**Cont...**

**SECTION - B (35 Marks)**  
Answer ALL questions  
ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Write a short note on the stakeholders of the Indian financial market.	K2	CO2
		(OR)		
	11.b.	Explain the differences between domestic and global stakeholders in financial markets.		
2	12.a.	Explain the objectives of RBI's Credit Policy.	K3	CO3
		(OR)		
	12.b.	Write a short note on the Inflation Index and its importance.		
3	13.a.	Explain the concept of Rights Issue with advantages and disadvantages.	K3	CO3
		(OR)		
	13.b.	Discuss the significance of New Issues Market.		
4	14.a.	Differentiate between CRR and SLR.	K4	CO5
		(OR)		
	14.b.	Write about the major participants of the money market.		
5	15.a.	Discuss the application of derivatives in the commodity market.	K4	CO5
		(OR)		
	15.b.	Explain Asset Liability Management (ALM) in banks.		

**SECTION - C (30 Marks)**  
Answer ANY THREE questions  
ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Evaluate the role of financial markets in accelerating the economic growth of India.	K4	CO5
2	17	Explain the importance of CPI and WPI in measuring inflation. Which of these is more relevant for monetary policy in India?	K4	CO5
3	18	Discuss the functions of the Indian Capital Market with reference to primary and secondary markets.	K4	CO5
4	19	Discuss the structure of the Indian Money Market and describe the key money market instruments.	K4	CO5
5	20	Discuss the structure of commodity markets in India and their role in price discovery and risk management.	K4	CO5

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END