

SYB FM sem III Reg & A.T.K.T. Exam Oct-2022
MONEY MARKET

DURATION: 2 ½ hrs

11/10/22

Marks: 75



Notes: 1) All questions are compulsory with internal choice.

2) Figures to right indicate marks

Ques 1 (A) Fill in the blanks (attempt any 8)

(8 Marks)

- 1) _____ is issued for 91/184/364 days. (Treasury bills / cash management bills)
- 2) Employment is generated directly by the _____ (development of trade / effective bank control)
- 3) The tenure of the transactions of _____ is from 2 days to 14 days. (Notice money market/overnight market)
- 4) Banks usually approach _____ for refinancing their bills. (RBI / DFHI)
- 5) Municipal bonds are issued to meet _____ allocations. (budgetary / monetary)
- 6) _____ has been suggested to develop the money market by customising products and bench marking. (FEDAI / FIMMDA)
- 7) Mutual funds are regulated by _____ (SEBI / AMFI)
- 8) Diversification is _____ for money market mutual funds. (possible / impossible)
- 9) No scheme of MF can be launched by an AMC unless approved by a _____ (Trustees / SEBI)
- 10) SEBI regulations _____ about inspection and audit. (mentions / does not mention)

QUES 1 (B) True and False (attempt any 7)

(7 Marks)

1. DFHI was formed to provide liquidity to money market instruments.
2. FIMMDA was incorporated in 1998.
3. PLR is determined by RBI.
4. FEDAI acts as a catalyst in form transactions.
5. NDS is owned by RBI.
6. Disintegrated market leads to better control and supervision by regulators.
7. STCT is a leasing primary dealer in gilt edged security.
8. Spot market refers to the market in which the receipt and payment are made immediately.
9. RBI was nationalized in 1949.
10. Central Bank act as a guardian of money market.

QUES 2) (15 Marks)

- (A) What is money market? What are the features of money market? (8 Marks)
- (B) What is the importance of money market? (7 Marks)
- OR
- (C) Explain the structure of Indian money market? (8 Marks)
- (D) What are the characteristics of developed money market? (7 Marks)

QUES 3) (15 Marks)

- (A) Explain how RBI exercises its regulatory powers? (8 Marks)
- (B) State the objectives of FIMMDA? (7 Marks)

OR

- (C) The price of 91 days treasury bill at issue is Rs 95.20, what will be the total yield of the issued treasury bill? (8 Marks)
- (D) Describe the distinction between a promissory note and commercial bills? (7 Marks)

QUES 4) (15 Marks)

- (A) What is a treasury bill? Explain the advantages and disadvantages of a treasury bill? (8 Marks)
- (B) What is a call money market? What are the advantages and disadvantages of call money market? (7 Marks)
- OR
- (C) What are advantages and disadvantages of commercial bills? (8 Marks)
- (D) What is promissory note? What are the characteristics of promissory note? (7 Marks)

QUES 5) (15 Marks)

- (A) A company issues a commercial paper at an effective rate of 10% for 90 days. The actual issue rate is at Rs. 98.20 per Rs. 100. Calculate the discount value of commercial papers? (8 Marks)
- (B) What is the regulatory framework of money market mutual funds? (7 Marks)

OR

QUES 5) Short notes (attempt any 3):

(15 Marks)

- 1) Money market
- 2) Call market
- 3) Certificate of deposits
- 4) Money lender
- 5) DFHI