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Register Number :

7032

Name of the Candidate :

M.B.A. DEGREE EXAMINATION MAY 2014.**(BUSINESS APPLICATIONS)****(SECOND YEAR)****251 — BANKS AND STOCK EXCHANGES**

Time : Three hours

Maximum : 75 marks

SECTION A**Answer any FIVE questions.****(5 × 3 = 15)**

Write short notes on :

1. Development bank
2. Recurring deposit
3. Cash credit
4. Financial globalisation
5. Capital growth
6. 'To err is human, to hedge divine'
7. Stag
8. Primary market.

SECTION B**Answer any THREE questions.****(3 × 10 = 30)**

9. "NABARD is the apex institution for agriculture and rural development". Explain.
10. Distinguish between cash credit and overdraft.
11. State the regulations pertaining to the membership of a stock exchange.
12. What is the Marshall-Lerner condition? Why this condition need to be learnt?
13. Distinguish between investment and speculation.

SECTION C**Answer any ONE question.****(1 × 15 = 15)**

14. What are the main functions of a stock exchange? In what ways is a stock exchange indispensable for an economy?
15. Describe the functions of a central banking institution.
16. Explain the method of trading in a stock exchange.

SECTION D**(Compulsory Case Study)****(1 × 15 = 15)**

17. Gupta purchases debentures that mature in 7 years. Because he intended to hold them until maturity, he claims he is not exposed to interest rate risk. He notes that even if market interest rates rise and the price of his bonds fall, he will still collect the par value on the maturity date. Does Gupta's argument valid? Explain.