

**MASTER OF BUSINESS ADMINISTRATION IN  
FINANCIAL MARKETS (MBAFM)**

**Term-End Examination**

**December, 2013**

**MCT-071 : ECONOMICS FOR THE FINANCIAL  
MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

**Note :** (i) Answer *any five* questions.

(ii) Each question carries **20** marks.

1. What is meant by financial innovation ? Explain with examples. **20**
2. Describe the role of financial intermediaries. Do you think regulation of financial system is necessary ? **20**
3. What are the fundamentals of company investment decisions ? Do you think investment decisions are important to increase the share holders wealth ? **20**
4. Explain the following theories : **2x10=20**
  - (a) Expectations Theory
  - (b) Segmented Market Theory
5. What are forex markets ? Should foreign exchange rates follow a random walk ? **20**

6. (a) What is meant by monetary targeting ? **10x2=20**  
(b) What are the advantages and disadvantages of Inflation targeting ?
7. (a) What is the Cause of Eurozone Crisis ? **10x2=20**  
(b) Discuss European Central Bank's Monetary Policy strategy in this regard.
8. (a) Explain the concept of Reserve Ratio and Currency Ratio. **10x2=20**  
(b) What are the tools available with the Reserve Bank for regulating money supply ?
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