

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

00064

Term-End Examination

June, 2014

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

Time : 3 hours

Maximum Marks : 100

Note : *Attempt any five questions.*

1. What are various types of credit market instruments ? Discuss them with suitable examples. **20**
2. What are bonds ? How are they different from fixed deposits ? How returns on bonds are calculated ? **20**
3. What are interest rates ? Discuss their behaviour and techniques in forecasting interest rates. **20**
4. What are foreign exchange markets ? How are foreign exchange markets helpful in stabilising the foreign exchange fluctuation risk ? **20**
5. Briefly discuss the functions of RBI and instruments used for controlling money supply. **20**
6. What is the theory of asset demand ? Briefly describe the determinants of asset demand. **20**

7. Write short notes on the following : **10+10=20**
- (a) Money multiplier model
 - (b) Options in financial derivatives
8. Explain in brief with suitable examples : **10+10=20**
- (a) Growth rates and inflation rate.
 - (b) Financial innovation.
-