

12. The process of converting physical securities into electronic form is called [U] / [CO3]
- a). Rematerialisation b). Dematerialisation
- c). Revaluation d). Liquidation
13. Which of the following is NOT included in a contract note? [U] / [CO3]
- a). Details of the traded securities b). Transaction charges and
(Quantity, price, etc) brokerage fees
- c). Investor's portfolio performance d). Trade execution time
14. Who among the following is a speculator who expects prices to rise and [U] / [CO3]
buys securities in anticipation of selling them at a higher price?
- a). Bear b). Bull
- c). Stag d). Lame Duck
15. Which of the following best describes the process of hedging using [U] / [CO4]
Forward Contracts?
- a). Increasing risk by entering b). Locking in a price to avoid
speculative positions. future price fluctuations.
- c). Enhancing liquidity in the d). Betting on market trends for
financial market. profit.
16. European Options can be exercised: [U] / [CO4]
- a). Anytime before the expiration b). Only on the expiration date
date
- c). On any business day d). Only after the expiration date
17. The seller of an option is also known as: [U] / [CO4]
- a). Holder b). Writer
- c). Buyer d). Trader
18. The professional who operates the fund on behalf of the investors [U] / [CO4]
- a). Trustees b). Brokers
- c). Sponsors d). Asset Management Company
19. Which of the following are examples of innovative financial [U] / [CO4]
instruments?

- | | | |
|--|---|--|
| a). Sovereign Gold Bonds and Green Bonds | b). Fixed Deposits and Recurring Deposits | |
| c). Equity Shares and Mutual Funds | d). Personal Loans and Credit Cards | |
20. A mutual fund where investments are made in Certificate of Deposits, Commercial Paper, Treasury Bills, and Repos are known as [U] / [CO4]
- | | |
|-----------------|-------------------------------|
| a). Index Fund | b). Money Market Mutual Funds |
| c). Growth Fund | d). Balanced Fund |
21. Who are registered members of a stock exchange called? [U] / [CO5]
- | | |
|---------------------|--------------------------|
| a). Stock investors | b). Stock brokers |
| c). Stock dealers | d). Stock administrators |
22. What is the primary objective of virtual trading? [U] / [CO5]
- | | |
|--|---|
| a). To earn real profits | b). To learn and practice trading strategies without risk |
| c). To manage stock portfolios for institutional investors | d). To predict future stock prices accurately |

[1x20 = 20]

Part B

MCQ Questions

Answer any **25** questions

Each question carries **2** marks

23. Financial system is characterised by (i) Existence of integrated ,organised and well regulated financial markets (ii) Innovative financial instruments (iii) Unorganised Financial markets (iv) Capital Formation [U] / [CO1]
- | | |
|-------------------------------|-------------------------------|
| a). (i), (ii) and (iv) only | b). (i) and (iv) only |
| c). (ii), (iii) and (iv) only | d). (i), (ii), (iii) and (iv) |
24. Consider the following statements and choose the most appropriate alternative. Statement I- Zero coupon bonds are issued at a discount to their face value Statement II- Mortgage bonds are secured by physical assets of the company [U] / [CO1]
- | | |
|--|--|
| a). Statement I is true, and Statement II is false | b). Statement I is false, and Statement II is true |
| c). Both statements are false. | d). Both statements are true |

25. Consider the following statements and choose the most appropriate alternative. Statement I- Spot market is also known as derivatives market Statement II- Spot market are delivered on the spot at the prevailing price [U] / [CO1]
- a). Both statements are true. b). Statement I is true, and Statement II is false
- c). Statement I is false, and Statement II is true d). Both statements are false
26. Which of the following is a development function of SEBI ? [U] / [CO1]
- a). Regulating stock exchanges b). Conducting audits of financial institutions
- c). Promoting investor awareness and education d). Controlling inflation
27. Compare the cost implications between QIP and IPO. [U] / [CO2]
- a). QIP is generally costlier than IPO b). Both have equal costs
- c). IPO is generally costlier than QIP d). Cost varies depending on company size
28. Given below are few statements related to the Derivatives contract; Identify the wrong statement(s). I) Derivatives contracts are used for hedging the risk. II) The value of a derivative contract is based on an underlying asset. III) It cannot be traded through stock exchanges. IV) Derivative contracts can be customized or standardized contracts. [U] / [CO4]
- a). I and III only b). IV only
- c). III only d). III and IV only
29. Who serves as an intermediary between the investor and the depository ? [An] / [CO2]
- a). Merchant Banker b). Registrar to Issue
- c). Underwriter d). Depository Participant
30. What role does the stock exchange play in a public issue? [An] / [CO2]
- a). It regulates IPO pricing b). It facilitates trading of shares post-listing
- c). It underwrites the issue d). It determines share allotment

31. What type of offer document is normally used in the case of a book-building public issue? [An] / [CO2]
- a). Red Herring Prospectus b). Abridged Prospectus
- c). Shelf Prospectus d). Placement Document
32. Which of the following best describes the relationship between speculation and price discovery in financial markets? [U] / [CO3]
- a). Speculation hinders price discovery by distorting market signals. b). Speculation plays no role in price discovery.
- c). Speculation can accelerate price discovery by incorporating diverse market expectations. d). Speculation only effects price discovery in bond markets.
33. What is the role of the BSE in the Indian economy? [U] / [CO3]
- a). Regulates the banking system b). Facilitates stock trading and investments
- c). Controls monetary policy d). Manages government spending
34. Which of the following is a type of derivative trading commonly used in India? [U] / [CO3]
- a). Equity delivery b). Mutual fund redemption
- c). Futures and options d). Fixed deposit renewal
35. What is the role of a depository in securities trading? [U] / [CO3]
- a). Holding securities in electronic form and facilitating trade settlements b). Determining the price of shares in the market
- c). Buying and selling stocks on behalf of traders d). Providing short-term loans to investors
36. What is a "Listing agreement"? [U] / [CO3]
- a). An agreement between a company and its customers. b). An agreement between a company and its suppliers.
- c). An agreement between a company and a stock exchange. d). An agreement between a company and its employees.
37. Which of the following services is NOT offered by NSDL and CDSL? [U] / [CO3]
- a). Holding securities in electronic form b). Settlement of securities transactions

- a). Both Statement I and Statement II are True
- b). Statement I is True and Statement II is False
- c). Statement II is True and Statement I is False
- d). Both Statement I and Statement II are False.

44. Consider the following statements and choose the most appropriate alternative. Statement I: In a fixed price issue, the demand for shares is known before the subscription opens. Statement II: In fixed price offerings, the issuer has complete control over pricing decisions. [U] / [CO2]

- a). Both statements are true.
- b). Statement I is true, and Statement II is false.
- c). Statement I is false, and Statement II is true.
- d). Both statements are false.

45. From the following statements identify the benefits of Commodity exchanges. I) Less Price volatility II) Ensures high liquidity III) Regulates the market IV) Helps in price determination. [U] / [CO4]

- a). I and II only
- b). I and III only
- c). I and IV only
- d). II and III only

46. From the following choose the correct statements about the commodity derivatives. I) Commodity futures and options involve standardized commodities. II) Commodity futures and options can be traded only through stock brokers. III) Commodity futures and options are tailor-made contracts. IV) Commodities in Commodity futures and options are notified by the Central Government. [U] / [CO4]

- a). I, II, and III only
- b). II, III, and IV only
- c). I, II, and IV only
- d). All given options

47. If the price of a stock consistently rises, what should a trader ideally do? [U] / [CO5]

- a). Sell the stock for profit
- b). Wait indefinitely
- c). Buy more shares at the current price
- d). Avoid trading in the stock

48. How does SEBI's grievance redressal mechanism contribute to market integrity? [U] / [CO5]

- a). By penalizing fraudulent practices and promoting transparency
- b). By standardizing all returns in the securities market

- c). By reducing operational costs for intermediaries d). By limiting access to foreign investors

49. Consider the following statements Assertion (A) and Reasoning (R).

[U] / [CO5]

Choose the correct alternative. Assertion (A): Minors can have Demat accounts in their name. Reasoning (R): Parents or appointed guardians can open Demat accounts for minors after submitting required documents.

- a). Both A and R are true, and R is the correct explanation of A. b). Both A and R are true, but R is not the correct explanation of A.
c). A is true, but R is false. d). A is false, but R is true.

[2x25 = 50]

Reg.No :

Name :

MAHATMA GANDHI UNIVERSITY, KOTTAYAM
MGU-UGP (HONOURS) REGULAR EXAMINATION MARCH 2025
SECOND SEMESTER
Discipline Specific Core Course (DSC) - MG2DSCCOM100 - INDIAN
SECURITIES MARKET : STRUCTURE AND OPERATIONS
(2024 ADMISSION ONWARDS)

Duration: 1.25 Hours

Maximum Marks: 70

Remember(K), Understand(U), Apply(A), Analyse(An), Evaluate(E), Create(C), Skill(S), Interest(I)
and Appreciation(Ap)

Students should attempt at least one question from each course outcome to enhance their overall outcome attainability.

Part A

MCQ Questions

Answer any **20** questions

Each question carries **1** marks

1. Where is the Head quarters of SEBI located? [U] / [CO1]
 - a). Mumbai
 - b). Chennai
 - c). Kolkatta
 - d). Ahemedabad

2. Who among the following is a speculator who expects prices to rise and buys securities in anticipation of selling them at a higher price? [U] / [CO3]
 - a). Bear
 - b). Bull
 - c). Stag
 - d). Lame Duck

3. What effect does an FPO have on existing shareholders? [An] / [CO2]
 - a). Increases their ownership percentage
 - b). Dilutes their ownership percentage
 - c). Has no effect on ownership
 - d). Increases dividend payouts

4. Which of the following best describes SEBI's role as a regulatory body? [U] / [CO1]

- a). To provide subsidies to stock exchange b). To regulate insurance sector
- c). To regulate interest rate d). To control and supervise the capital market intermediaries.
5. What is a private placement? [U] / [CO2]
- a). A public offering of securities b). A loan from a financial institution
- c). A government bond issue d). A private offering of securities
6. Which of the following is NOT included in a contract note? [U] / [CO3]
- a). Details of the traded securities (Quantity, price, etc) b). Transaction charges and brokerage fees
- c). Investor's portfolio performance d). Trade execution time
7. Mention the market for lending & borrowing of short term funds [U] / [CO1]
- a). Money market b). Primary market
- c). Capital market d). All of the other options
8. The seller of an option is also known as: [U] / [CO4]
- a). Holder b). Writer
- c). Buyer d). Trader
9. ASBA is a process used for applying to which of the following? [U] / [CO2]
- a). Public Issues (IPOs and FPOs) b). Fixed Deposits
- c). Recurring Deposits d). Mutual Funds
10. A mutual fund where investments are made in Certificate of Deposits, Commercial Paper, Treasury Bills, and Repos are known as [U] / [CO4]
- a). Index Fund b). Money Market Mutual Funds
- c). Growth Fund d). Balanced Fund
11. Which of the following is a financial asset? [U] / [CO1]
- a). Gold b). Silver
- c). Land d). Share
12. European Options can be exercised: [U] / [CO4]

- a). Anytime before the expiration date b). Only on the expiration date
- c). On any business day d). Only after the expiration date
13. The process of converting physical securities into electronic form is called [U] / [CO3]
- a). Rematerialisation b). Dematerialisation
- c). Revaluation d). Liquidation
14. What is the full form of NSE? [U] / [CO3]
- a). National Stock Exchange b). New Stock Exchange
- c). National Securities Exchange d). None of the other options
15. If a company announces a 1:2 Bonus Issue, how many bonus shares will an investor with 100 shares receive? [An] / [CO2]
- a). 200 b). 150
- c). 100 d). 50
16. What is the sectoral index for India's pharmaceutical industry on the NSE? [U] / [CO3]
- a). NIFTY Healthcare b). NIFTY Pharma
- c). S&P BSE Health d). NIFTY Med
17. Who are registered members of a stock exchange called? [U] / [CO5]
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- a). Increasing risk by entering speculative positions. b). Locking in a price to avoid future price fluctuations.
- c). Enhancing liquidity in the financial market. d). Betting on market trends for profit.
21. Who regulates the IPO process in India? [U] / [CO2]
- a). Reserve Bank of India (RBI) b). Securities and Exchange Board of India (SEBI)
- c). Ministry of Finance d). National Stock Exchange (NSE)
22. What is the primary objective of virtual trading? [U] / [CO5]
- a). To earn real profits b). To learn and practice trading strategies without risk
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Part B

MCQ Questions

Answer any **25** questions

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23. Consider the following statements Assertion (A) and Reasoning (R). Choose the correct alternative. Assertion (A): Minors can have Demat accounts in their name. Reasoning (R): Parents or appointed guardians can open Demat accounts for minors after submitting required documents. [U] / [CO5]
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underlying asset. III) It cannot be traded through stock exchanges. IV) Derivative contracts can be customized or standardized contracts.

- a). I and III only
- b). IV only
- c). III only
- d). III and IV only

26. Which type of order allows traders to sell a stock at the highest price possible within a limited time frame? [U] / [CO3]

- a). Market Order
- b). Limit Order
- c). Stop Order
- d). Trailing Stop Order

27. What is the significance of index maintenance? [U] / [CO3]

- a). To keep the index updated and accurate.
- b). To increase stock prices.
- c). To reduce trading volume.
- d). To decrease market volatility.

28. If a stock is trading at Rs.50 and a call option has a strike price of Rs.45, what is its moneyness? [A] / [CO4]

- a). At the money
- b). In the money
- c). Out of the money
- d). Deep out of the money

29. Compare the cost implications between QIP and IPO. [U] / [CO2]

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34. How do Forwards differ from Futures in terms of counterparty risk? [U] / [CO4]
- a). Forwards have higher counterparty risk due to no clearinghouse involvement. b). Futures have higher counterparty risk due to daily settlements.
- c). Both Forwards and Futures have equal counterparty risk. d). Futures have higher counterparty risk due to non-standardization.
35. Which of the following services is NOT offered by NSDL and CDSL? [U] / [CO3]
- a). Holding securities in electronic form b). Settlement of securities transactions
- c). Issuing physical share certificates d). Pledging of securities
36. Consider the following statements and choose the most appropriate alternative. Statement I : Mutual fund offers a variety of investment options based on the expected return and period of the investment. Statement II: As there are more transactions, mutual funds have high transaction costs. [An] / [CO4]
- a). Both Statement I and Statement II are True b). Statement I is True and Statement II is False
- c). Statement II is True and Statement I is False d). Both Statement I and Statement II are False.
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48. Financial system is characterised by (i) Existence of integrated ,organised and well regulated financial markets (ii) Innovative financial instruments (iii) Unorganised Financial markets (iv) Capital Formation [U] / [CO1]
- a). (i), (ii) and (iv) only b). (i) and (iv) only
- c). (ii), (iii) and (iv) only d). (i), (ii), (iii) and (iv)
49. Consider the following statements Assertion (A) and Reasoning (R). Choose the correct alternative. Assertion (A): Futures contracts are standardized in terms of quantity and quality. Reason (R): Standardization helps in enhancing liquidity and reducing counterparty risk. [An] / [CO4]

- a). Both (A) and (R) are true, and (R) is the correct explanation of (A).
- b). Both (A) and (R) are true, but (R) is NOT the correct explanation of (A).
- c). (A) is true, but (R) is false.
- d). (A) is false, but (R) is true.

[2x25 = 50]

