

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
DEPARTMENT OF COMMERCE



Final Year/ First Semester Examination in BBA/COM-2009/2010
(Special Repeat) August 2010

DED 4133 – Capital Market and Financial Institutions

Answer all questions.

Time: 03 Hours

-
01. (i) What are the major functions of the **Central Bank of Sri Lanka**? (10 Marks)
(ii) Explain the various domestic and foreign banking services provided by **Commercial Banks in Sri Lanka**? (10 Marks)
(Total 20 Marks)
02. (i) What is meant by “**Merchant Banks**”? Briefly explain the various services they provide. (10 Marks)
(ii) Explain how the **Insurance Companies** play the financial intermediary role in the financial market in Sri Lanka? (10 Marks)
(Total 20 Marks)
03. (i) Define “**Unit Trust**” and briefly explain the major parties who are involved in it (10 Marks)
(ii) Explain how the **Employees Provident Fund (EPF)** and the **Employees Trust Fund (ETF)** contributes to the development of financial market in Sri Lanka? (10 Marks)
(Total 20 Marks)
04. (i) What is the difference between **Money Market** and **Capital Market**? (10 Marks)
(ii) Explain the instruments used in a developing money market and capital market with special reference to Sri Lanka (10 Marks)
(Total 20 Marks)

05. (i) Distinguish between the following terms

- a. Share Market and Bond Market
- b. Primary Share Market and Secondary Share Market.
- c. Milanka Price Index and All Share Price Index
- d. Treasury Bills and Treasury Bonds.
- e. Internal Foreign Exchange Market and Off-Shore Banking Market

(05 x 02 = 10 Marks)

(ii) Write short notes on the following

- a. Finance Companies
- b. Trading Floor
- c. Euro Market
- d. Colombo Stock Exchange
- e. Security and Exchange Commission

(05 x 02 = 10 Marks)

(Total 20 Marks)