

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

**Third Year First Semester Examination in Bachelor of Business Administration/  
Bachelor of Commerce / Specialization in Human Resource Management/  
Specialization in Marketing Management / Specialization in Accounting and  
Finance/ Specialization in Business Economics – 2017/2018  
(Proper / Repeat) (July 2019)**

**DED 3043 – Capital Market and Financial Institutions**

**Answer all questions.**

**Time: 03 Hours**

**01.**

01. Describe the Core and Agency functions of the **Central Bank of Sri Lanka**.  
**(04 Marks)**
02. Explain the role of **Licensed Commercial Banks** and **Licensed Specialized Banks** in economic development of the country.  
**(06 Marks)**
03. Describe the role of **Registered Finance Companies** in the economic development in Sri Lanka.  
**(03 Marks)**
04. What is meant by **Merchant Banks**? Explain Fund Based Services and Fee Based Services of those banks.  
**(06 Marks)**
05. Explain how the **Insurance Companies** play the financial intermediary role in the financial market in Sri Lanka.  
**(04 Marks)**
06. Explain how the **Employees Provident Fund (EPF)** and the **Employees Trust Fund (ETF)** contribute to the development of financial market in Sri Lanka.  
**(06 Marks)**
07. Define **Unit Trust** and explain the major parties who are involved in it.  
**(04 Marks)**
08. Describe the functions of an **Investment Bank** in Sri Lanka.  
**(03 Marks)**
09. Define the term **Lease** and explain the advantages and disadvantages of leasing.  
**(04 Marks)**

**(Total 40 Marks)**

02. "The Financial Market, which is the market for credit and capital, can be divided into the Money Market and the Capital Market".

(i) What is the difference between Money Market and Capital Market?

(07 Ma

(ii) Explain the instruments used in a developing money market and capital market with special reference to Sri Lanka.

(07 Ma

(iii) Briefly explain the major development stages of the Colombo Stock Exchange (CSE).

(06 Ma

(Total 20 Ma

03. Distinguish between the following terms

- a. Share Market and Bond Market
- b. Primary Share Market and Secondary Share Market.
- c. S & P SL 20 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 04=

04. Write short notes on the following:

- a. Monetary Board
- b. Trading Floor
- c. Euro Market
- d. Primary Dealers
- e. Security and Exchange Commission

(05 x 04=