

[This question paper contains 3 printed pages.]

30/5/22 Morning

Your Roll No.....

Sr. No. of Question Paper : 5717
Unique Paper Code : 61011604
Name of the Paper : Financial Institutions and Markets
Name of the Course : **Bachelor of management Studies (BMS),
2022 (LOCF)**
Semester : VI
Duration : 3 Hours
Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **five** questions.
3. Use of simple calculator is allowed

Q1. (a) *"Risk management in Indian banks is a relatively newer practice, but has already shown to increase efficiency in governing of these banks as such procedures tend to increase the corporate governance of a financial institution"*. Explain the statement. (8marks)

(b) Explain the role and functions of the statutory regulatory body established to monitor and regulate the Indian capital market and ensures to protect the interest of the investors, formulates regulations and guidelines. (7 marks)

Q2. (a) *"Merchant Bank is a unique combination of consultancy and banking services"*. Explain the role and activities of merchant banker in India. (8 marks)

(b) *"Private equity and venture capital, both refer to firms that invest in companies and exit by selling their investments in equity financing"*. Explain. (7 marks)

Q3. (a) *Global equities suffered their biggest declines in more than a year as heavy losses in Netflix shares accentuated a sell-off in tech stocks that spilled into other sectors.*
Explain the various factors affecting the movements of stock markets in light of above statement. (8 marks)

(b) Assume only three scripts A, B and C constitute the index with the number of outstanding shares of each being 100, 200 and 300 respectively. The base period prices of the three scripts are Rs 10, Rs 50 and Rs 20 respectively while their current prices are A Rs 600, B Rs 500 and C Rs 200 and the index in the base period was put at 10. What shall be the impact on the index if Company A issues a right in the ratio of 1:1 to its shareholders. Apply S & P methodology. (7 marks)

Q4. (a) Mr X wants to buy a Rs1,000 Treasury bill with 180 days to maturity, yielding 2.5%. Calculate the purchase price of Treasury bill assuming number of days in a year are 365. Also, calculate the amount Mr X would pay for a Treasury bill that matures in one year and pays Rs 10,000 if he requires a 3% return. (8 marks)

(b) ALPHA Co. Ltd. Issued Commercial Paper as per the following details:

Date of Issue: 17th May 2022

Date of Maturity: 17th August 2022

Interest Rate: 12.25%

What would be the net amount received by the company on issue of Commercial Paper if it issues a CP worth Rs 10 Crores. (Assume 365 days in a year) (7 marks)

Q5. (a) Are mutual funds replacing bank deposits as a preferred investment option?
Explain the concept of Mutual Funds and its types. (8 marks)

(b) The updated Basel norms allowed Indian banks to adopt the new capital regulations with required changes. Explain the concept and relevance of Basel norms in the light of above statement. (7 marks)

Q6. (a) Explain the concept and process of demutualisation of stock exchanges operating on a not for profit basis to a limited liability for profit company, accountable to shareholders. Give relevant examples. (8 marks)

(b) *"A significant number of NPAs over a period of time may indicate to regulators that the financial fitness of the bank is in jeopardy".* Critically explain the statement. (7 marks)

Q7. Write Short notes on any three of the following:-

- (i) Rolling settlement
- (ii) IRDA
- (iii) Call money markets
- (iv) Municipal bonds

(3*5 = 15 marks)

Q8. Distinguish between any three of the following:

- (i) Bulls and Bears in stock markets
- (ii) Corporate bonds and Government Bonds
- (iii) Commercial Bills and certificate of deposits
- (iv) ADRs and GDRs

(3*5 = 15 marks)