

Roll no :

Total Printed Pages **3**

Total No of Question : **6**

Maximum Marks: 60

Duration (Hours) 3

Note: All Questions are Compulsory and Carry Equal Marks. Marks given to the right indicates full marks

1. (a) What is Universal Banking? What are the different types of Products Offered by these Financial Institutions? Give a description of the main services/products offered by each of these. **(5 marks)**

(b) What is the role of the Central Bank of a Country? What are the tools used by it for regulating/managing the Monetary System-Explain in brief. **(5 marks)**
2. Write short notes on the following covering the essential points: **(10 marks)**
 - (a) Basel II (2 marks)
 - (b) Determinants of Interest Rates (3 marks)
 - (c) Types of Risks faced by Financial Institutions (3 marks)
 - (d) Theory of Purchasing Power Parity (2 marks)
3. (a) Yield More Ltd offers a bond that will pay you Rs.20,000 on the last day of every year for the next ten years in exchange for a fixed payment today. The

present annual interest rate on the investment is 12%, the present value of this investment is _____? Please give the answer with full workings.
(5 marks)

(b) Pierre Cardin India Ltd has to remit 50,000 French Francs to France from India. How do we go about it? How much INR will it have to pay on the basis of the following? (5 marks)

- Mumbai interbank market: US \$ 1 = Rs. 44.2550/2650
- London Market US \$ 1 = FRF 6.5500/6.5550

4. For the following compute the

i. Treynors Index (5 marks)

ii. Sharpe's Index for Portfolio A, B & market portfolio & evaluate the performance. (5 marks)

Portfolio	Avg Return	Beta	Standard Deviation
A	25.0%	2.5	2.5
B	12.5%	1.9	3.8

• For the above the risk-free return is 9%. The return on market portfolio is 15% and the Standard Deviation is 6%.

5. (a)What are Mutual Funds? List down the types and write in brief about each of them. What are the main advantages and disadvantages of investing in them? (6 marks)

(b)What is Fixed and Floating rate of Interest? Explain the advantages and disadvantages from the point of the lender and borrower-separately. (4 marks)

6. (a)What are the various services offered under Investment Banking? Write a few lines on each of them (5 marks)

(b)SBI Ltd shares are quoted at Rs.2,100 in the open market. Mr. Greedy has 1000 shares of SBI. SBI is coming out with a FPO soon and is offering shares at a fixed price of Rs.2,000 to the Retail investor with firm allotment of up to Rs.1, 00,000 to each investor. Mr. Greedy do not wish to increase his portfolio of SBI shares. Guide Mr. Greedy about the opportunity of gaining out of the FOP (5 marks)

Best of Luck