

FMI 03

Roll No.

Financial Markets & Institutions.

Total No. of Printed Pages: 3

Total No. of Questions : 4+5

Maximum Marks : 30+30=60

Duration (hrs.) : 3 Hours

Section: A+B

Note : Q1. Is compulsory and attempt any two from the remaining questions.

SECTION- A

Q.1 Define and explain role of Merchant Bankers. (10 marks)

Q. 2 Solve any two (total 10 marks, 5 marks each)

a) Define Overseas Financial Centers (OFC) and explain its characteristics and types.

b) Explain SEBI guidelines (issued on 25.06.2013) governing buy-back through open market purchase.

c) Explain various types of mutual funds (any two in detail).

Q.3 Solve any two (total 10 marks, 5 marks each)

a) Write short note on Obstacles in International investments.

b) What is international equity market and what are the advantages thereof?

c) Explain conditions for Buy Back of shares as per Indian Companies Act, SEBI and Dept. of Company Affairs.

Q. 4 Solve any two (total 10 marks, 5 marks each)

a) Difference between FDI and FII.

b) Difference between Spot, Forward and Swap rates.

c) Explain methods of buy back of shares.

Section-B

Q1-10 marks (Compulsory)

1. (a) Mr. Smart Investor subscribes for a 5-year bond of Any Time Dial Ltd on July 1, 2013. The bond has a face value of Rs.5,000 and pays an annual 10% coupon. The current market rate of return is 8%. Calculate the price of this bond today. (5 marks)

(b) Natural Ice Creams Ltd wishes to issues an IPO of Rs.200 crores in Jan 2014. List the steps for the same in proper order and describe them in brief. (5 marks)

Attempt any two from the remaining four questions

2. (a) List down types of Risk faced by Banks with examples (5 marks)

(b) Distinguish between Investment banking and Merchant banking (5 marks)

(c) Mr. Pensioner is planning to invest in a Post Office Certificates of Rs.10,000 which give an annual interest of 9%. The rate of inflation is 4% (5 marks)

(i) What is the nominal interest rate and real interest rate?

(ii) If the certificate will be repaid after 1 year at a premium of Rs.100 what will be the YTM?

(Any two from (a) or (b) or (c) _____ (5x2) = 10

3. (a) What is the main source of income for Banks? What is funded and non-funded income? (5 marks)
(b) What is Capital Adequacy Ratio (CAR)? (5 marks)
(c) What are ADRs and benefits to the issuers and the investor? (5 marks)

(Any two from (a) or (b) or (c) _____ (5x2) = 10

4. (a) What is concentration risk in Banks? How can this be mitigated? (5 marks)
(b) What is Fixed Interest rate and Floating Interest rate? (5 marks)
(c) Explain Duration Theory. (5 marks)

(Any two from (a) or (b) or (c) _____ (5x2) = 10

5. (a) Write a short note on Private Equity. (5 marks)
(b) What is Financial Inclusion. What are the steps taken by RBI towards this? (5 marks)
(c) Banks normally lend long for term against long term funds. Explain. (5 marks)

(Any two from (a) or (b) or (c) _____ (5x2) = 10

Best Luck