

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2017-19) (Finance)
PGDM Trimester IV Examination September 2018

Subject	FINANCIAL MARKET AND SERVICES		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	28.09.2018

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Madhav is one of the India's most trusted brands in Indian sweet and snack segment. The company has manufacturing plant at Kota, Kanpur, New Delhi and Mumbai. Madhav has its own retail chain stores and range restaurants in these cities. . Now the company plan to extend its business. In order to raise fund the director has decide to float new shares by prospectus. Beside it tend to raise money for new issue of shares.

- Describe briefly the short term instrument popularly used by the companies to raise funds for new issue of shares.
- Difference between the two markets that the company intends to approach to fulfill financial needs.
- Outline the different components of Financial System of India.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is Capital Asset Pricing Model? Explain its assumptions and implications in detail?
- Star Computer System Limited has forecasted returns on its shares with the following probabilities distribution.

Return (%)	Probabilities
-20	0.05
-10	0.05
-5	0.10
5	0.10
10	0.15
18	0.25
20	0.25
30	0.05

Calculate the

- Expected Return,
 - Variance and Standard Deviation of return for Star?
- c) Outline the difference between corporate bond and government bond?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is fixed and floating exchange rate? Explain in detail its advantages and disadvantages?
- How is the liquidity premium theory of term structure of interest rate different from the market segmentation theory.
- Outline the importance of SWAP with respect to interest rate Swap and Credit default swap

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What do you understand by interest rate parity? How does it relate to the existence or non existence of arbitrage opportunities?
- Outline the structure of Mutual fund.
- Explain the different measures of Money supply.

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Explain the role played by the central bank in the in monetary policy of the economy.
- b) If a investor purchases 30 days commercial papers with the par value of 1000000 for a price of 990000 Rs. Calculate the yield and discount rate?
- c) Explain the different determinants of exchange rate.

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What do you understand unsystematic risk.
- b) Explain the concept of P/E ratio valuation of a company.
- c) Find yield to maturity of 4 year bond, paying 6 percent on face value of 1000 and currently selling at 990.

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the role of CRR, SLR and open market operation in monetary policy control over inflation?
- b) Outline the various determinants of interest rates.
- c) Explain the difference between a fixed rate mortgage and an adjustable rate mortgage. Include a discussion on the basis of borrow and the lender.