

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 169

Roll No.....

Unique Paper Code : 101633

Name of the Course : BBS

Name of the Paper : Financial Markets and Services

Semester : IV (2014)

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 5 questions.
3. All parts of any question should be attempted together.

1. (a) A 12 year boy purchases a 5 years pure endowment policy worth Rs. 20,000. Taking interest rate of 10% p.a. determine what premium should be charged from him by the company when no consideration is given for any load factor. What will be your answer if the boy goes in for a term policy instead of pure endowment policy? (CSO Mortality Table ALB-Males : $L_{17} = 9,818,254$; $L_{12} = 9,879,752$; $d_{12} = 9,089$; $d_{13} = 10,562$; $d_{14} = 12,227$; $d_{15} = 13,984$; $d_{16} = 15,636$).

(b) What do you mean by repo rate and reverse repo rate? Comment on RBI's actions in the recent past to tame inflation in India. - (2×7.5=15)

2. (a) What do you mean by margin trading? Mr. A expects the price of the share to go up to Rs. 60 from the current level of Rs. 40 today, in nine months' time. He is interested in purchasing 100 shares of the security for which the brokers want him to pay a margin of 50% and the rest can be financed by the broker for which he charges an interest of 15% p.a. The share is expected to pay a dividend of Rs. 2 per share which comprises of an interim dividend

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of Rs. 1.5 per share and Rs. 0.50 per share as final dividend. The interim dividend shall be paid during the holding period. Calculate the return on capital invested by Mr. A.

- (b) How are stock market indices created? Explain the construction of SENSEX. (2×7.5=15)
3. (a) Explain the book building process of pricing issues with a numerical example.
- (b) Write a brief note on the pre issue obligations of merchant bankers. (2×7.5=15)
4. (a) Mr. X offers a hire purchase proposal to Mr. Y on the following terms: The cost of the equipment shall be Rs. 1,00,000. The flat rate of interest to be charged shall be 15% p.a. The installments are to be paid annually for 3 years. You are required to calculate the annual H.P. installment and split it between principal and interest.
- (b) Discuss the steps followed by the credit rating agencies in the rating process. (2×7.5=15)
5. (a) Differentiate between Operating Lease and Financial Lease.
- (b) Explain the different stages of venture capital financing. (2×7.5=15)
6. Write short notes on (any three) :
- (i) Types of mergers
 - (ii) Poison pill
 - (iii) Pricing of IPO
 - (iv) ABS (3×5=15)