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Your Roll No.....

Sr. No. of Question Paper : 6093

J

Unique Paper Code : 2922063602

Name of the Paper : Financial Institutions & Markets

Name of the Course : **BMS**

Semester : VI

Duration : 3 Hours

Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

1. Attempt any five questions.
2. All questions carry equal marks.
3. Use of Simple Calculator is allowed.

Q1. (a) Why government securities are considered risk-free? What are the differences between government bond and corporate bond? **(9 Marks)**

(b) Compare and contrast Certificates of Deposit (CDs) and Commercial Paper (CP). What are the advantages and risks associated with these instruments? **(9 Marks)**

Q2 (a) Imagine a bank planning to expand its service offerings to include commercial banking, investment, insurance, and asset management. How might this strategy reflect the principles of universal banking, and why could it be considered essential for meeting diverse customer needs? **(9 Marks)**

(b) Discuss the challenges faced by commercial banks, such as the issue of non-performing assets (NPAs) and the need for effective risk management strategies. **(9 Marks)**

Q3. (a) "Secondary market considered the barometer of economy" Justify the statement and explain the role of secondary market in the financial system. **(9 Marks)**

(b) The Government of India issues 10-year G-sec with face value of Rs. 100 and coupon rate of 6% per annum, payable semi-annually. The RBI conducts a uniform price auction for Rs. 20,000 crores worth of bond. The bids received are:

Bidders	Amount (Crore)	Price (per 100 Face Value)
A	5000	98.5
B	4000	99
C	8000	99.25
D	6000	99.5
E	4000	100

- i. What is the cut-off price
- ii. How much does each bidder get? **(9 Marks)**

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Q4. (a) What are the pre- and post-issue obligations of merchant bankers? (9 Marks)

(b) What do you understand by demutualisation of stock exchanges? why was it undertaken? Explain its objectives and advantages in Indian Context. (9 Marks)

Q5. (a) What do you understand by exchange traded fund and how they benefit to investors? (9 Marks)

(b) Evaluate the roles and functions of key regulatory institutions—such as the RBI, SEBI in fostering growth and ensuring stability in the Indian financial system. (9 Marks)

Q6. (a) XYZ Corporation is going public and planning to raise Rs.10,000,000 through IPO. The price band is ₹80 to ₹90. The quotas are: QIBs: 50%, FIIs: 15%, Retail: 35%. Bids received:

Price Band	QIB (50,00,000)	FII (15,00,000)	Retail (35,00,000)	Total
80	40,00,000	3,00,000	90,00,000	1,33,00,000
81	10,00,000	3,00,000	50,00,000	63,00,000
82	10,00,000	5,00,000	20,00,000	35,00,000
83	10,00,000	20,00,000	60,00,000	90,00,000
84	40,00,000	9,00,000	50,00,000	1,00,00,000
85	30,00,000	4,00,000	30,00,000	64,00,000
86	20,00,000	1,00,000	5,00,000	26,00,000
87	5,00,000	5,00,000	10,00,000	19,00,000
88	5,00,000	3,00,000	20,00,000	28,00,000
89	10,00,000	2,00,000	5,00,000	17,00,000
90	20,00,000	5,00,000	10,00,000	35,00,000
Total	2,00,00,000	60,00,000	3,50,00,000	6,10,00,000

What is the final IPO price? (12 Marks)

(b) On January 15, X bought a January Nifty futures contract that cost him 5,38,000. For this he had to pay an initial margin of 43,040 to his broker. Each Nifty futures contract is for the delivery of 200 Nifty's. On January 25, he square-off his initial position and the index closed at 2,720. How much profit/loss did he make? (6 Marks)