5. (a) Discuss the role of Clearing House of any stock exchange in Trading & Settlements.

(b) Mr. Raj buys 50 shares of TCS at ₹3,600 each and sells 20 shares of HDFC Bank at ₹1,500 each on the same day. Brokerage = 0.5% on each trade. Calculate the net pay-in or pay-out amount on settlement day.

6. (a) Discuss the role of mutual funds in financial market development.

(b) A mutual fund has the following details :

Total assets = ₹1,200 crore; Total liabilities = ₹60 crore; Units outstanding = 90 crore

Calculate the NAV per unit. After one year, the NAV rose to 20% and the fund distributed a dividend of ₹1 per unit. Find the annual rate of return.

7. Explain the followings (**Any six**) :

(i) NBFC

(ii) Algorithm Trading

(iii) MTM

(iv) Ways and Means Advances

(v) Tick Size

(vi) MSF

(vii) Impact Cost

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 5149 **K**

Unique Paper Code : 2922072302

Name of the Paper : Financial Markets and Institutions

Name of the Course : **BBA (FIA)**

Semester : III

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **Any Five** Questions out of **Seven** given below. **All** questions carry equal marks.
3. Use of Scientific non programable Calculator is allowed.

1. Discuss the major reforms during last decades in the Indian Financial Systems with evidence.

2. Consider the information given below :

Notified amount: INR 1000 crore

RBI is issuing 364 days T bill for a Notified amount of INR 1000 crore. The following bids have been received with respect to the price of T bill.

Bidder name	Price of Bid	Amount of Bid
A	94.31	150
B	94.26	200
C	94.25	350
D	94.21	200
E	94.18	300
F	94.18	200
G	94.16	250
H	94.12	150

How much is the cut off price in this case? Will the bidder E and F receive the exact amount they have bid for? Calculate the implicit yield for all the respective bidders. If RBI allots 5% to non-competitive bidders over and above the notified amount how much will be the cut off price for them?

3. (a) A bank has got confirmed information that interest rates in the market are going to increase in near future. The bank has a freedom to decide the SLR investment either in 91 DTB or 5 yrs G-sec or 10 yrs G-sec. Bank is confused to decide the instrument(s) for investment. Help the bank in deciding the instrument for SLR investment with justification of the option exercised.

(b) The yields on 91 DTB, 364 DTB and 10 yrs G-sec are around 6% whereas the call rate is around 5%. The prevailing inflation rate (WPI) is between 2 to 3%. What inference will you draw from the given information about the financial market?

(c) Critically evaluate the monetary measures taken to control inflation in India. Will you suggest some robust measures to control inflation?

4. (a) Describe the eligibility criteria for selection of scrips for Sensex.

(b) On January 1, the Sensex stood at 77,000 points. By December 31, it rose to 84,000 points. During the year, the Sensex paid an average dividend yield of 1.2%.

(i) Calculate the annual return on the Sensex (including dividends).

(ii) If the risk-free rate is 6%, calculate the excess return (risk premium) of the Sensex.