Time : 3 Hours

Max. Marks : 60

PART - A

Answer **All** questions. Each question carries ½ mark.   (8×½=4)

1. Example of derivative securities is
   a) Return backed security
   b) mortgage backed security
   c) cash flow backed security
   d) interest backed security.

2. If required rate of return>Coupon rate, the bond will be valued at
   a) Discount
   b) Par value
   c) Premium
   d) None of the above.

3. Time value of money supports the comparison of cash flows recorded at different time period by
   a) Discounting all cash flows to a common point of time
   b) Compounding all cash flows to a common point of time
   c) Using either a or b
   d) None of the above.

4. Which of the following is a characteristic of financial intermediary:
   a) It has assets exceeds liabilities
   b) It increases liquidity for lenders
   c) it introduces borrowers to lenders
   d) All of these.

5. Private sector mutual funds were permitted in India in
   a) 1983
   b) 1991
   c) 1995
   d) 1993

6. Time value of money indicates that
   a) A unit of money obtained today is worth more than a unit of money obtained in future
   b) A unit of money obtained today is worth less than a unit of money obtained in future
   c) There is no difference in the value of money obtained today and tomorrow
   d) None of the above

7. Analysis of any financial Statement comprises
   a) Balance sheet
   b) P&L Account
   c) Trading account
   d) All of the above

8. The DuPont Approach breaks down the earning power on shareholders' book value (ROE) as follows: ROE =_____.
   a) Net profit margin × Total asset turnover × Equity multiplier
   b) Total asset turn over × gross profit margin X debt ratio
   c) Total asset turn over × net profit margin
   d) Total asset turn over × gross profit margin × equity multiplier

PART-B
(Very Short Answers)
Answer any **eight** questions. Each question carries **2** marks. No answer should exceed one page. **(8×2=16)**

9. Distinguish between 'call options and put options'.
10. Examine the tradeoff between 'risk and return'.
11. What is meant by 'asset mix' strategy?
12. What is meant by financial inclusion?
13. How the present value of an annuity is estimated?
14. What is 'Earning per Share (EPS')?
15. Explain the relationship between' bond price and interest rate'.

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16. What is dividend discount model?
17. What is meant by commodity derivative?
18. What are the different types of stocks?
19. What is standard financial statement?

PART-C
Answer any **Four** questions. Each question carries **5** marks. No answer should exceed **Two** and **Half** pages. **(4×5=20)**

20. Distinguish between primary market and secondary market and discuss their functions.
21. Discuss the role of Du Pont analysis in performance measurement.
22. Critically examine the Markowitz portfolio management model.
23. What are the different methods for raising capital in a primary market?
24. What are the different steps in involved in the technical analysis of equity?
25. Discuss the role of SEBI in Indian financial system.

PART-D
(ESSAY)
Answer any **Two** questions, each question carries **10** marks. No answer should exceed **Six** pages. **(2×10=20)**

26. Make an account of the financial sector reforms initiated in India since 1991.
27. Examine the use of Capital Asset Pricing Model (CAPM) in evaluating the price of securities.
28. Illustrate the role of Non Banking Financial Intermediaries (NBFI) in the development of Indian economy.
29. What are the different types of derivative products? Examine the role of derivative market in a financial system.

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