

SYB FM.

Nov 2017

Sem III

UNIVERSITY PAPER

S.Y.B.F.M

SEM-III

NOV.-2017

Q. P. Code: 23818

Time: 2:30 Hours

Marks: 75

Q.1. (A) Multiple Choice questions (any 8) (8)

- 1) Interest is _____ element of cost. (a) Tax deductible (b) Appropriation (c) Dividend (d) None of these
- 2) If Sales for the 2016 is Rs.2,00,000 and sales for 2017 is 1,50,000; the company is said to be de-grown by ____% over previous year. (a) 150% (b) 25% (c) 10% (d) 15%
- 3) Loan Funds consists of _____ (a) Working capital + Loans (b) Bank loan + preliminary expenses (c) Shareholder's equity + Reserves & surplus (d) Term Loan + Debentures
- 4) Debtor is an element of _____ (a) Current Asset (b) Current Liability (c) Debt (d) CRR
- 5) Creditors turnover ratio is calculated to find out the efficiency of (a) Payable department (b) Receivable department (c) Converting stock into sales (d) All of these
- 6) Standard Quick ratio is considered as _____ (a) 2:1 (b) 1:1 (c) 5:1 (d) 3:2
- 7) Operating Profit is _____ (a) Operating expenses only (b) Cost of goods only (c) Non operating expenses (d) Gross Profit Less Operating expenses
- 8) In cash flow statement, reduction in Debtors balance is _____ (a) Inflow (b) Outflow (c) No effect on cashflow (d) Negative effect on cashflow
- 9) Current Assets are equal to (a) Current liabilities (b) Quick assets plus stock (c) Stock (d) None of these
- 10) Debt equity ratio is a relationship between (a) Short term debt & Equity (b) Long term debt & Equity (c) Current liability & Share capital (d) None of the above

Q.1 (B) True / False (any 7) (7)

- 1) The main purpose of interest coverage ratio is to show the extent to which own and loan funds are invested in the business.
- 2) In Trend analysis 2nd year figures are considered as 100% for calculating trend of figures.
- 3) It is optional to give dividend on Equity shares.
- 4) The main purpose of Stock to working capital ratio is to show the extent to which working capital is blocked in inventories.
- 5) In Common size Income statement sales is considered as 100%.
- 6) Acid Test ratio is calculated to find out the efficiency of collection department.
- 7) Working capital is a cycle within which term loans taken from Bank are repaid.

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- 8) Capital employed is calculated as Fixed asset assets plus Working capital.
- 9) In cashflow statement, transfer to general reserve is deducted from Net profit for calculating cash from operations.
- 10) Debtors under principle of conservatism are valued at selling price.

Q.2 Management of ZN limited has appointed you as management accountant and asked you to comment on the financial health of the company on the basis of available data. The income statement for 2 years is provided to you. You are required to prepare Comparative Income statement and offer your comments on the financial health of the company. (15)

Particulars	2015	2016
Sales	50,00,000	70,00,000
Less: Cost of Goods sold	25,00,000	37,50,000
Gross Profit	25,00,000	32,50,000
Less: Operating expenses	8,00,000	7,50,000
Operating Profit	17,00,000	25,00,000
Less: Non Operating Expenses	5,00,000	7,00,000
Add: Non Operating Income	3,00,000	5,00,000
Profit Before Interest & Tax	15,00,000	23,00,000
Less: Interest	8,00,000	9,00,000
Profit Before Tax	7,00,000	14,00,000
Less: Tax @ 30%	2,10,000	4,20,000
Profit After Tax	4,90,000	9,80,000
Less: Dividend	1,20,000	2,40,000
Retained Earnings	3,70,000	7,40,000

OR

Q.2 From the following financial statement of Glen limited, prepare a Common size financial statement in Vertical form and offer your comments in brief: (15)

Trading, Profit and Loss Account for the year ended 31st December					
Particulars	2011 (Rs.)	2012 (Rs.)	Particulars	2011 (Rs.)	2012 (Rs.)
To Opening stock	62,000	93,000	By Sales	12,40,000	15,50,000
To Purchases	7,67,250	9,61,000	By Closing stock	93,000	1,24,000
To Wages	1,93,750	3,10,000			
To Gross Profit	3,10,000	3,10,000			
	13,33,000	16,74,000		13,33,000	16,74,000
To Admin expenses	77,500	93,000	By Gross Profit	3,10,000	3,10,000
To Selling expenses	38,750	46,500	By Non-operating Income	15,500	77,500
To Distribution expenses	-	15,500			
To Provision for tax	83,700	93,000			
To Proposed dividend	31,000	38,750			
To Net Profit (Retained earnings)	94,550	1,00,750			
	3,25,500	3,87,500		3,25,500	3,87,500

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Q.3 Following are the P&L and Balance sheet of Larsen Limited.

(15)

Profit & Loss account for the year ended 31st December 2004			
Particulars	Rs.	Particulars	Rs.
To Opening stock	30,000	By Sales	4,00,000
To Purchases	3,00,000	By Closing stock	50,000
To Gross Profit c/f	1,20,000		
	4,50,000		4,50,000
To Expenses	20,000	By Gross Profit b/d	1,20,000
To Net Profit c/f	1,00,000		
	1,20,000		1,20,000
To Provision for Tax	40,000	By Net Profit b/d	1,00,000
To Dividend	20,000		
To Retained Earnings	40,000		
	1,00,000		1,00,000

Balance sheet as on 31st December, 2004			
Liabilities	Rs.	Assets	Rs.
Share Capital (Rs.10 each)	2,00,000	Plant & Machinery	80,000
Reserves	10,000	Land & Buildings	20,000
Profit & Loss account	30,000	Stock	50,000
Creditors	50,000	Debtors	80,000
		Cash & Bank	60,000
	2,90,000		2,90,000

Convert the above statements into vertical statements and calculate the following ratios:

- 1) Stock turnover ratio
- 2) Debtors turnover ratio
- 3) Creditors turnover ratio
- 4) Return on capital employed
- 5) Return on Proprietor's fund.

ORQ.3 Meenu limited presents you the following Balance sheet as at 31st March, 2016. (15)

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Balance sheet as on 31st December, 2004			
Liabilities	Rs.	Assets	Rs.
2500 Equity shares	25,000	Fixed Assets	43,750
8% Preference share capital	5,000	Investments	12,500
Reserves	20,000	Stock	15,000
6% Debentures	10,000	Sundry Debtors	6,750
Sundry Creditors	15,000	Bank Balance	3,500
Provision for Tax	2,500	Preliminary Expenses	4,000
Profit & Loss account (after tax)			
Previous Year	500		
Current Year	7,500		
	85,500		85,500

Additional Information: Tax provided during the current year Rs.2,500

Calculate the following ratios: 1) Return on capital employed 2) Current Ratio 3) Earning per share 4) Return on proprietors' funds 5) Proprietary ratio. Also Convert the balance sheet into vertical form & offer your comments on each ratio.

Q.4 Following are summarised Balance sheets of CSL limited as on 31st December, 2004 & 2005.

(15)

Balance sheet					
Liabilities	2004 Rs.	2005 Rs.	Assets	2004 Rs.	2005 Rs.
Equity Share capital	2,00,000	2,50,000	Bank	35,000	16,000
12% Debentures	1,00,000	80,000	Stock	40,000	75,000
10% Preference shares	50,000	80,000	Debtors	90,000	1,50,000
Bank Loan	70,000	1,10,000	Machinery	75,000	60,000
Reserves	20,000	25,000	Furniture	10,000	8,000
P&L account	50,000	60,000	Land	1,70,000	2,80,000
Creditors	60,000	75,000	Buildings	1,40,000	99,000
Bills Payable	40,000	33,000	Goodwill	30,000	25,000
	5,90,000	7,13,000		5,90,000	7,13,000

Additional Information:

- 1) Depreciation charged during 2005 was Rs.4,000 on Furniture, Rs.12,000 on Machinery and Rs. 20,000 on Buildings.
- 2) Part of Machinery was sold for Rs.15,000 at a loss of Rs.4,000
- 3) During 2005, interim dividend was paid Rs.10,000 and Income tax was paid Rs.5,000.
- 4) During the year, part of the building was sold at book value.

You are required to prepare Cash flow statement using Indirect Method.

OR

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Q.4 Given below are the summarised income statements of Gherzi limited for the year ended 31st March, 2001 and the projected year ended 31st March, 2002. (15)

Particulars	31.03.2001	31.03.2002
	Rs.lakhs	
Sales	600	720
Less:		
Consumption of Materials	180	240
Depreciation	12	15
Othre manufacturing expenses	174	186
Adjustment of Opening & Closing stock	-6	-9
Cost of Goods sold	360	432
Gross Profit	240	288
Less: Interest	30	40
Less: General selling expenses	150	200
Profit Before Tax	60	48

The company's average inventory, debtors and creditors levels for the year 2000-2001 were as follows:

Particulars	Rs.lakhs
Raw Materials	15
Semi-finished Goods	15
Finished Goods	30
Debtors	100
Creditors	15

Based on the projected income statement, estimate the working capital requirement for the year.

Q.5 (A) Explain the concept of working capital with the help of diagram and examples (8)

(B) Explain the types of working capital (7)

OR

Q.5 Short Notes (any 3) (15)

- 1) Meaning & objectives of Management Accounting
- 2) Cash from Financing activities
- 3) Comparative Income statement
- 4) Interest coverage ratio
- 5) MPBF

Q.P. Code: 23036

[Time: 2.5 Hours]

(Marks: 75)

- Please check whether you have got the right question paper.

- N.B: 1. All Question are compulsory.
2. Figures are right to indicate full marks.

Q1. A. Multiple Choice Question (Any 8)

(8)

1. _____ can be added to pivot tables that acts like a filter.
a. Slicer b. Value c. Sort d. Query
2. In a students' database table, _____ field can be the primary key
a. Name b. Phone Number c. Roll Number d. Date of birth
3. A _____ system is basically just as computerized record keeping system.
a. Communication b. Database c. Application d. Database
4. The Relational Databases Model was introduced by E. F. Codd in the year _____.
a. 1980 b. 1970 c. 1960 d. 1950
5. DBMS is defined as the software system that allows users to define, _____, maintain and control access to the database.
a. Create b. Direct c. Sum up d. None of these
6. SCM involves _____ flow, Material flow and Money Flow
a. Information b. market c. Customer d. Competition
7. _____ is the fourth stage of SCM.
a. Develop b. Plan c. Deliver d. Return
8. _____ is the act of buying and selling international currencies, futures, stocks, bonds and other financial instruments through the internet.
a. Internet Banking b. Online Banking c. Online Trading
d. None of these
9. ECS has provided benefits to the banks, Ultimate Beneficiaries and _____.
a. Government b. Schools c. User Institutions d. None of these.
10. Smart card usually contains an embedded _____.
a. Sim b. IC c. Microprocessor d. None of these

Q1. B. State true or false (Any 7)

(7)

1. Conditional Formatting can be applied only on numerical data
2. Sum and Sumif functions are the same.
3. Data is defined as a known fact that can be recorded and that have implicit meaning.
4. Fields or columns are the smallest or very basic unit of DBMS.
5. In RDBMS Access to data can't be restricted.
6. Manufacturing Management is a part of ERP
7. BoM Management is a part of the CRM Software
8. Use of ERP increases lead time.
9. E-banking reduces errors.
10. There are three variants of ECS: Credit, Debit and Cash

Q.P. Code: 23036

- Q2. A. Explain the following functions in spreadsheet with syntax and example (15)
 1. MAX() 2. TODAY() 3. PPMT() 4. RATE() 5. FV()
 OR
 B. Explain the following functions in spreadsheet with syntax and example (15)
 1. AVERAGE() 2. NOW() 3. SUMIF() 4. COUNTIF() 5. PMT()
- Q3. A. State the Advantages and Disadvantages of DBMS. (8)
 B. List the tangible benefits of ERP Software. (7)
 OR
 C. Give difference between CRM and SFA using services? (8)
 D. Explain Evolution of Database. (7)
- Q4. A. Explain various types of Online Trading. (8)
 B. Discuss the advantages to Banks and Customers of ECS Credit. (7)
 OR
 C. Explain any two trading sites. (8)
 D. Enlist the advantages of Smart Cards (7)
- Q5. A. Explain any two types of Relationships of RDBMS with examples. (8)
 B. Discuss the flow of information, money and materials in SCM. (7)
 OR
 C. Write short notes on: (Any 3) (15)
 1. Pivot Tables
 2. Primary Key
 3. Hierarchical DBMS
 4. Internet Banking
 5. SCM

5y BFM. 10/11/2017

BFM

Foundation Course in Financial Market **FC III**
Money Market. **Q. P. Code: 19902**

Time: 2:30 Hours

Marks: 75

Please check whether you have got the right question paper.

Instructions

1. All questions are compulsory with internal options

Q1. a. True or False: (Any 8)

(08)

- i. Treasury bill is issued for 91/ 184/ 364 days.
- ii. The tenure of the transactions of call money is from 2 days to 14 days.
- iii. Capital market is absent in India.
- iv. There are over 100 money market mutual fund in India.
- v. Treasury bills are auctioned every Wednesday.
- vi. Money market deals with short term instruments.
- vii. Disintegrated market leads to better control and supervision by regulators.
- viii. Banker's acceptance is similar to a treasury bill.
- ix. Diversification is impossible for money market mutual funds.
- x. The bill drawn outside India is known as foreign bill.

Q1. B. Match the following: (any 7)

(07)

Column A

- 1) Open market operations
- 2) FIMMDA
- 3) Commercial paper
- 4) FEDAI
- 5) Bank rate
- 6) Repo
- 7) Banker's acceptance
- 8) Cash management bills
- 9) Certificate of deposit
- 10) DSP black rock

Column B

- a) Guaranteed by commercial bank
- b) Recently introduced securities
- c) RBI finances to banks
- d) Issued by banks
- e) Mutual fund entity
- f) Issued by corporates
- g) 1958
- h) Ready forward contract
- i) Purchase and sell of government security
- j) Voluntary body for money market

Q2. a. Briefly explain features of money market.

(08)

Q2. b. Define money market and write the importance of money market.

(07)

OR

Q2. c. Explain various newly introduced money market instruments.

(15)

Q3. a. Explain various objectives of central bank.

(08)

Q3. b. Elaborate scope of FIMMDA.

(07)

OR

Q3. c. Explain the short comings faced by Indian Money market.

(15)

Q. P. Code: 19902

Q4. a. Explain mutual fund and give details of its structure. (08)

Q4. b. Why bill culture is promoted in India? (07)

OR

Q4. c. Discuss recent developments done in money market. (15)

Q5. a. Discuss advantages of call money market. (08)

Q5. b. Discuss advantages of money market mutual fund. (07)

OR

Q5. Write short notes: (Any 3) (15)

- i. Integration of organized and unorganized sector
- ii. Repo market
- iii. Role of Primary dealers
- iv. NDS-OM
- v. Chits & Nidhis

Please check whether you have got the right question paper.

- N.B: 1. Figures to the right indicate full marks.
2. All questions are compulsory.

Q.1 OBJECTIVE QUESTIONS

(15)

A. FILL IN THE BLANKS (any 8)

(08)

- 1) A cheque has to be presented within _____ months from the date of drawing it OR the period of validity, whichever is earlier.
(a) 6 (b) 3 (c) 12 (d) None of the above.
- 2) _____ is a representation which includes a party to enter into a contract.
(a) Cross offer (b) Stipulation (c) Standing offer (d) None of the above.
- 3) _____ is a Latin phrase meaning "By Law" i.e. as a matter of law where the legal title is clear.
(a) Dejure (b) Defacto (c) None of the above
- 4) _____ = offer + acceptance.
(a) Estoppel (b) Agreement (c) Contract (d) None of the above.
- 5) _____ means something of value given by parties to a contract that includes them to enter into an agreement.
(a) Doctrine (b) Consideration (c) Forfeit
- 6) Drawee of a cheque is always a _____.
(a) Banker (b) Co-worker (c) None of the above.
- 7) The banker who receives the payment of a crossed cheque on behalf of its customer is called a _____.
(a) Agent (b) Collecting Banker (c) Broker (d) None of the above.
- 8) _____ is a bailment without any consideration.
(a) Gratuitous Bailment (b) Non-Gratuitous Bailment (c) None of the above.
- 9) _____ means acceptance has been signified either in writing, or by words of mouth or by performance of some act.
(a) Agency (b) Assent (c) Agreement (d) None of the above.
- 10) _____ is a right of a person to keep possession of another person's goods until debt relating to those goods has been paid.
(a) Particular Lien (b) Remuneration (c) Valid Agreements (d) None of the above

B. True or False (Any 7)

(07)

- 1) Agreement to Wager is Void.
- 2) Right to resale is given to a finder of goods.
- 3) Agreements by Minor are void.
- 4) Coercion is an act forbidden by IPC, 1860.
- 5) An agreement can be uncertain.
- 6) Termination of Agency cannot occur due to efflux of time.
- 7) Buyer means a person who buys OR agrees to buy goods i.e. a mere agreement to buy is enough to make a person a buyer.
- 8) Fine for cheque bouncing is twice the amount of cheque

- Q.2 Discuss in detail the Doctrine of Caveat Emptor? (15)
OR
- Q.2 Define a "Promissory Note" and state its essentials? (15)
- Q.3 Explain different types of Contracts. (15)
OR
- Q.3 a) Discuss the rights and liabilities of finder of goods? (07)
b) Define Goods and explain various types of goods? (08)
- Q.4 What is the measure of damages in respect of a breach of contract? (15)
OR
- Q.4 "Insurance contracts are generally wagering agreement". Comment (15)
- Q.5 Write short notes on any three of the following: (15)
- a) Del Credere Agent
 - b) Specific Goods
 - c) Cheque
 - d) Payment in due course
 - e) Misrepresentation

SYBPM / 18/11/17

CO233FR / C0866 / DEBT MARKETS I

Q. P. Code:-20874

Maximum Marks: 75-

Duration: 2 ½ Hrs.

Note: All Questions are compulsory

Q.1)

(A) Fill in the blanks: (Any 8)

(8 Marks)

- (1) In Debt Market investment is done in form of _____ (Shares / Bonds)
- (2) _____ regulates the Government Securities Market. (RBI / SEBI)
- (3) Bonds with no maturity dates are called _____ (Perpetual bonds / Municipal bonds)
- (4) Certificate of Deposits are issued by _____ (Banks / Companies)
- (5) ICRA credit rating agency was incorporated in _____ (1991 / 1987)
- (6) Government Bonds are _____ instrument. (Secured / Unsecured)
- (7) T- Bills are issued at _____ (Discount / Face Value)
- (8) An open Market Operation is an instrument of _____ policy (monetary / fiscal)
- (9) _____ is a bond's annual return based on its annual coupon payments and current price. (Current Yield/ Yield to Maturity)
- (10) _____ is the risk that the issuer will not pay the coupon income and/or the maturity amount on the specified dates. (Liquidity risk/ Credit risk)

(B) True or False: (Any 7)

(7 Marks)

- (1) Primary Dealers are market intermediaries appointed by RBI.
- (2) The central bank can either buy or sell government bonds in the open market.
- (3) Masala bonds are Rupee denominated bonds.
- (4) STCI was authorized by RBI as one of the first Primary Dealers in India.
- (5) Junk Bonds offer low interest rate.
- (6) When the Yield increases, bond prices decreases.
- (7) A debt market is also known as a 'Flexible income market'.
- (8) Government Securities serves as a benchmark for pricing in other debt markets.
- (9) Call features in bond means to redeem after maturity.
- (10) AAA credit rating is given to weak financial company.

Q.2)

(a) Define Bonds? What are the features of bonds? Explain different types of bonds.

(15 Marks)

OR

(b) Who are the participants in Indian Debt Market?

(8 Marks)

(c) Explain the role of RBI in Debt Market.

(7 Marks)

Q.3)

(a) Describe the reasons for reforms in Government Securities market

(8 Marks)

(b) What are Treasury Bills? Explain its Characteristics.

(7 Marks)

OR

(c) Who are Primary Dealers? Explain their role in debt markets.

(8 Marks)

(d) What are the functions performed by Clearing Corporation of India Limited (CCIL)?

(7 Marks)

Q.4)

(a) A bond whose par value is Rs.1000 bears a coupon rate of 12% and has a maturity period of 3 years. The required rate of return on the bond is 10%. What is the Present value of this bond? (8 Marks)

Years	1	2	3
Present Value factor @ 10%	0.909	0.826	0.751
Present Value Annuity factor @ 10%	0.909	1.736	2.487

(b) Define Yield Curve. Explain the types of yield curves (7 Marks)

OR

(c) What is Bond Rating? Explain the benefits of bond rating. Describe the credit rating process of CRISIL (15 Marks)

Q.5)

(a) What is Open Market Operations? Explain its features. (8 Marks)

(b) Explain the steps taken by RBI to develop the bond market in India. (7 Marks)

OR

Q.5) Short Notes. (Any 3) (15 Marks)

(1) Risk Factors in Debt Market

(2) Money Market in India

(3) Securities Trading Corporation of India Limited (STC!)

(4) Importance of Debt Market in Indian Economy

(5) Separate Trading of Registered Interest and Principal of Securities (STRIPS)

B.F.M.

Q.P. Code :20723

[Time: 2 $\frac{1}{2}$ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate marks.
 3. Each question carries 15 marks each.

- Q.1** A) Multiple choice questions: (any 8 out of 10) **08**
- a) The central banking functions in India are performed by the -----
 - 1) Central Bank of India
 - 2) Reserve Bank of India
 - 3) State Bank of India
 - 4) Punjab National Bank
 - b) The ----- deals in New financial claim therefore it is called New Issue Market.
 - 1) Money market
 - 2) Primary market
 - 3) Secondary market
 - 4) Capital market
 - c) RBI was nationalized in -----
 - 1) 1949
 - 2) 1950
 - 3) 1948
 - 4) 1951
 - d) ----- is a popular instrument for financing working capital requirements of companies.
 - 1) Commercial paper
 - 2) Certificate of deposit
 - 3) ADR
 - 4) GDR
 - e) ----- introduced the screen based trading and settlement system supported by a state of the art technology platform.
 - 1) BSE
 - 2) NSE
 - 3) OTC
 - 4) NEAT
 - f) An ----- is a kind of employee benefit plan, similar in some ways to a profit sharing plan.
 - 1) Red Herring prospectus
 - 2) Sweet equity
 - 3) ESOP
 - 4) Book budding

Q.P. Code :20723

- g) An ----- is an instrument denominated in Indian Rupee in the form of a depository receipt created by a domestic depository.
- 1) ADR
 - 2) GDR
 - 3) IDR
 - 4) FCCB
- h) In case of ----- the price of the securities is determined by forces of demand and supply of the market and keeps on fluctuating.
- 1) The third market
 - 2) Primary market
 - 3) Secondary market
 - 4) Fourth market
- i) ----- are some those investors, those brokers, those participants who say that the share price is going to actually fall.
- 1) Bull
 - 2) Bear
 - 3) Stags
 - 4) Jobber
- j) ASBA was introduced in India in -----.
- 1) 2008
 - 2) 2009
 - 3) 2010
 - 4) 2007

B) True or false (any 7 out of 10)

- 1) Secondary market deals with listed securities.
- 2) The settlement cycle is now T+1.
- 3) Owned capital is raised by issue of shares and ploughing back of profits.
- 4) GDR can be issue only is America.
- 5) SEBI provides a degree of protection to the investors and safe ground their rights.
- 6) The 'BSE Sensex' or 'Bombay Stock Exchange' is value weighted index composed of 50 stocks.
- 7) Whenever a company issues new shares or debentures, it is known as IPO.
- 8) RBI is the queen bee of the Indian financial system which influences the commercial banks management.
- 9) When an issuer makes an issue of securities to its existing shareholders as on a record date without any consideration from them, it is called a bonus issue.
- 10) DRIPS are plans that are sponsored by most large companies.

07

Q.2

- A. Describe in short current status of equity market in India.
- B. Elaborate the role of capital market in economic development.

08

07

OR

Q.2

- C. Elaborate money market and its instruments.
- D. Briefly explain various sources of capital in an organization.

08

07

Q.P. Code :20723

- Q.3** A. What are various problem associated with primary market? **08**
 B. State various parties involved in GDR issue. **07**
OR
- Q.3** C. Explain IDR & its benefits. **08**
 D. Explain in short IPO process. **07**
- Q.4** A. What are the various benefits of stock exchange to various parties? **08**
 B. Explain the various methods of technical analysis. **07**
OR
- Q.4** C. Explain in detail the concept of listing of securities along with its objectives. **08**
 D. What are various categories of shares traded on stock exchanges? **07**
- Q.5** A. Explain in detail about primary and secondary market. **08**
 B. Why there is need for strengthening equity markets? **07**
OR
- Q.5** Write short note on: (any three) **15**
 a) Private placement
 b) Functions of equity market
 c) Right issue
 d) FCCB
 e) OTCEI

Q.P. Code :20570

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory, Subject to internal choice.
 2. Figures to the right indicate full marks.

Q.1 A) State whether the following statements are true or false **(any eight)** (08)

- 1) Commodities have been in our lives ever since the civilization started.
- 2) Commodities futures are traded in organized market.
- 3) India is the largest producer of sugar in the world.
- 4) The national institute of agriculture does not play any role in agricultural marketing.
- 5) Forward market commission is having its headquarter at Mumbai.
- 6) Day trader liquidate their positions in Futures on same days.
- 7) Clearing house does not pay any role in settlement.
- 8) The Osaka grain exchange is at Japan.
- 9) National board of trade was incorporated as 'not for profit' company under companies act 1956.
- 10) Credible and timely information plays a crucial role in commodity market.

Q.1 B) Match the Column **(Any 7)** (07)

Group A	Group B
1) OTC	A. Electricity
2) Agricultural commodity	B. Apex institution
3) Energy commodity	C. Farmers' market
4) NABARD	D. Wheat
5) Rythu Bazar	E. Over the counter
6) Commodity Deposit Form	F. Ahmedabad
7) FCRA	G. Derivative
8) National multi commodity exchange	H. Tokyo commodity exchange
9) Japan	I. 1952
10) Hedge fund	J. CDF

Q.2 A. Explain spot market and derivative market. (08)

B. What is Market Yard? Explain briefly. (07)

OR

C. Explain in detail the categories of metallurgical products. (15)

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- Q.3 A. Discuss the benefits of Commodity Futures. (08)
B. Write a note on Contract Farming. (07)

OR

- C. Discuss the role of NABARD in developing commodity market. (08)
D. Write a note on Central Warehousing Corporation Act (CWCA) 1962. (07)

- Q.4 A. Explain : (15)
(a) Orders
(b) Margins

OR

- B. Discuss various settlement systems permitted by exchanges in India. (08)
C. Name international commodity exchanges and its country (Any seven). (07)

- Q.5 A. Write a note on AGMARKNET. (08)
B. Distinguish between Equity market and Commodity market. (07)

OR

- Q.5 Write a Short Notes : (Any 3) (15)
i) Commodity market eco-system
ii) Multi commodity exchange
iii) Agricultural commodities
iv) Cost of Carry Models
v) KCC (KISAN CALL CENTRE)

16/11/17

S.Y.B.B.F.M. III sem

CO233FR C0869 / PORTFOLIO MANAGEMENT

Q. P. Code: 22109

(2 ½ Hours)

Total Marks: 75

- N.B :**
1. All questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Specify assumptions
 4. All working notes should form a part of your answer.

Q1.A) Fill in the blanks with the correct alternative given below : (any eight) [8]

1. _____ means combined holding of many kinds of financial securities.
a) Business management b) Portfolio management c) Fund management
2. _____ involves a higher level of risk and a more uncertain expectation of returns.
a) Speculation b) Risk c) Range
3. Risk _____ investors would be willing to continue buying investments of higher risk by receiving the same increase in returns.
a) seeking b) indifferent c) averse
4. _____ form of efficient market hypothesis is concerned with the possession of inside information.
a) Strong b) Weak c) Semi - strong
5. _____ risk means the variability in the rates of return caused by the market up swings or down swings.
a) Interest rate b) Purchasing power c) Market
6. According to _____, a portfolio is not efficient if there is another portfolio with a higher expected value of return and a lower standard derivation.
a) Markowitz efficient model b) Portfolio diversification c) Sharpe's model
7. _____ risk is diversifiable risk.
a) Unsystematic b) Systematic c) Political
8. Investment in _____ is not a tax saving investment.
a) PPF b) insurance scheme c) Share
9. _____ is very important factor affecting the performance measures.
a) Feed back b) Diversification c) Investment process
10. When correlation co-efficient greater than zero, it is _____ correlation.
a) positive b) negative c) neutral

Q.1.b) State whether the following statements are True or False (any Seven) [7]

1. Risk is one of the important principle of investment.
2. Modern portfolio theory believes in the maximization of return through a combination of securities.
3. Interest rate risk is the risk of insolvency.
4. Risk averse investors are willing to make investment of increasing high risk for promise of increasing smaller increments of returns.

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5. Portfolio revision is a process of adjusting the existing portfolio in accordance with the changes in financial markets and the investor's position.
 6. Market risk arises from the inability to convert an investment quickly into cash.
 7. Second order of stochastic dominance model aims at reducing the risk of bad outcomes.
 8. Active investment strategy incurs low costs as compared to passive investment counterparts.
 9. Identifying investment priorities is the first step of investment process.
 10. Factors to be considered for asset allocation are age, income, time horizon, risk appetite, etc.
- (2) The rate of return on stock A and stock B under different state of economy are given below : [15]

State of Economy	Probability	Stock A (%)	Stock B (%)
Prosperity	0.6	40	50
Depression	0.4	30	20

- Calculate the expected return and standard deviation of return on stock A and stock B.
- What would be your decision if the probability changes to 0.50 : 0.50 ?

OR

- (2) (a) Explain the Top Down and Bottom Up portfolio management strategies. [8]
 (b) Explain Portfolio management and its principles in brief. [7]
- (3) Compute the Beta factor and expected returns for T Ltd. and D Ltd. using CAPM and give your comments for selection of best alternative. The risk free rate of return is 10 %. [15]

Year	T Ltd. %	D Ltd. %	Market %
1	15	15	17
2	16	16	18
3	15	15	15
4	14	13	13
5	15	16	17

OR

- (3) (a) Mr. Jio purchased 100 shares of Reliance Ltd. at Rs. 50 each on 1.7. 2014. He paid brokerage of Rs. 1500. The company paid the following dividends. [8]

Year	1	2	3
Dividend per share (Rs.)	2	2	3
Dividend amount (Rs.)	200	200	300

After holding them for three years he sold all shares at Rs. 90 each. He paid brokerage of Rs. 2000. Calculate Holding period and Annualised rate of return.

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- (3) (b) The returns of two assets, under three possible states of nature, are given below: [7]

State of nature	Probability	Returns on Asset 1	Returns on Asset 2
1	0.35	15	12
2	0.15	20	15
3	0.50	12	20

Calculate co- variance between return of assets 1 and asset 2.

- (4) The details of three portfolios are given below. Compare these portfolios on performance using Sharpe, Treynor and Jensen's measures. [15]

Portfolio	Average return	Beta	Standard deviation
X	11	0.67	28
Y	12	0.90	21
Z	13	1.25	25
Market Index	14	1.00	21

Risk free rate of return is 8%.

OR

- (4) (a) Compare the following portfolios on performance using Sharpe, Treynor's measures and rank them. Risk free rate of return is 8%. [8]

Portfolio	Average return %	Standard deviation	Beta
1	15	0.30	0.80
2	16	0.40	0.90
3	20	0.30	0.75
Market Index	20	0.20	1.00

- (b) Calculate Jensen measures for the following and rank them. [7]

Portfolio	Return on portfolio %	Beta
1	15	1.12
2	18	1.15
3	20	1.20
Market Index	22	1.00

Risk free rate of return is 8%.

- (5) (a) Explain any four approaches of asset allocation. [8]

- (b) Explain in detail the factors affecting the performance measure of portfolio. [7]

OR

(5) Write a short note on : (Any Three)

[15]

- a. Random walk theory
 - b. Portfolio revision
 - c. Active strategy
 - d. Types of risk
 - e. Safety first model
-