Roll No. ____________________

(Do not write anything on question paper except Roll No.)
[This paper consists of TWO Pages]

Jagan Institute of Management Studies

End-Term Examination, September, 2016
Trimester IV – PGDM 2015-17

Indian Financial System

ET_PG_IFS_2809

Time: 3 Hrs. *M. Marks: 70*

INSTRUCTIONS: Attempt any FIVE questions. All questions carry equal marks.

Q 1 "Financial system of any country determines its economic development". Do you agree that this statement applies to Indian financial system? Give reasons in support of your answer. **14**

Q 2 Mutual funds have taken a center stage in the Indian financial system tapping the small investor's money in the capital markets. Do you agree? What are the major differences between open ended and close-ended mutual funds? **14**

Q 3 a) Briefly outline the role of CAPM in finding out the expected return from equity. What is the role of beta and SML in finding out the underpriced and overpriced securities? **7**

b) What shall be the expected rate of return of Hindustan lever if return from the market?
(Rm) is =20%, return from government security (Rf) is =6% and beta is = 0.5 if the beta goes up to 1.5 shall there be any change in the expected return from Hindustan lever. **7**

Q 4 Explain the role of commodity markets in price discovery and hedging. Who are the major players in the derivatives markets in India? Can one take the delivery of the commodity in Indian commodity markets?

OR

What do you understand by underwriting? How does it function in Indian Equity Markets? What is role of equity rating in underwriting? **14**

Q 5 Why is Financial planning necessary for an individual. Explain the importance of investment and retirement planning as important component of financial planning

OR

What do we mean by asset allocation? Do age, income and wealth decide the proportion of funds to be invested in various kinds of assets? Explain with the help of examples. **14**

Q 6 Calculate the Rupee cost average from the following SIP scheme in an Infosys stock when the monthly investment fixed is Rs. 50,000 and the prices of the stock for 12 months have been

January	Rs 800.
Februry	Rs. 1000
Mar	Rs. 1250
April	Rs. 1500
May	Rs. 2000
June	Rs. 2500
July	Rs. 5000
August	Rs. 2500
September	Rs. 1000
October	Rs. 800
November	Rs. 500
December	Rs. 1000

How does it differ from the average price if investor had decided to but every month 100 share? **14**

Q 7 A company paid a dividend amounting to Rs 1.50 / share during the last year. The company is expected to pay Rs 2 / share during the next year. Investors forecast a dividend of Rs 3 / share in the year after that. Thereafter, it is expected that dividend will grow at 10% p.a. infinitely. What would you recommend if the share is currently trading at Rs 64, given the required return of 15%? **14**

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