

66367

**Duration : 2.5 Hours**

**Marks : 75**

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

**Q.1 (a) Match the columns: (any Eight)**

8 Marks

Group 'A'	Answers
1. Venture capital	Risky capital
2. Inter – Day volatility	Standard Deviation
3. SEBI	Protect the interest of investors in securities
4. Market cap	Factor affecting share prices
5. Industry analysis	Expansion stage
6. Technical factor	Economic strength of market and peers
7. Efficient Market Hypothesis	Random Walk theory
8. Monte Carlo Simulation	Example of a Stochastic model
9. Beta	Measure systematic risk of a security
10. ICIICI Bank Ltd.	Costodian

**Q.1(b) State whether following statements are True or False: (any seven)**

7 Marks

True – 1,2,4,7,8,9,10

False – 3,5,6

**Q.2 (a) Explain in detail Foreign Institutional Investments.**

8 Marks

Ans. 1. Screen based trading system which developed a culture of equity investing.

2. Settlement of accounts on T & 2 basis which has brought down the settlement Risk.

3. Dematerialization of securities.

4. Dematerialization of exchanges.

5. Derivatives trading.

(b) Explain the general guidelines for FDI investment in India.

7 Marks

Ans. 1. FDI in an Indian company

2. FDI in partnership firm / proprietary concern

3. FDI in venture capital fund  
4. FDI in trusts  
5. FDI in LLPs

2

**OR**

Q.2 (c) Define share price volatility. Explain the various types of volatility.

8 Marks

Ans. Definition

Types of volatility – (a) Inter – day volatility (b) Intra – day volatility

(d) Explain the role of SEBI in regulating Indian capital market.

7 Marks

Ans. 1. Power to make rules for controlling stock exchange

3. To stop fraud in capital market
4. To control the merge, acquisition and takeover the companies
5. To audit the performance of stock market
6. To make new rules on carry – forward transactions
7. To create relationship with ICAI
8. Introduction of derivatives contracts on volatility index
9. To require report of portfolio management activities
10. To educate the investors

Q.3 (a) Explain the various factors affecting share price.

8 Marks

Ans. 1. Demand and supply

2. Market cap
3. Earning per share
4. Price / Earning Ratio
5. Impact of news
6. M & A
7. Introducing new product in the market
8. Fresh issue of shares

3

- 9. Dividend
- 10. Buyback

(b) What do you mean by Industry Analysis with respect to fundamental analysis? 7 Marks

Ans. Meaning of industry analysis

Three stages of an industry analysis – (a) The pioneering stage

(b) The expansion stage

(c) The stagnation stage

**OR**

Q.3 (c) Explain the tools for fundamental analysis.

8 Marks

- Ans. 1. Earnings per share 2. Price to Earning Ratio 3. Projected Earning Growth  
4. Price to Sales 5. Price to Book 6. Dividend Payout Ratio 7. Dividend Yield  
8. Book value 9. Return on Equity

(d) Define price earning model. Explain its limitations.

7 Marks

Ans. Definition

Limitations

Q.4 (a) What is EMH? Explain three forms of the EMH.

8 Marks

Ans. Definition

Three forms of the EMH – 1. Weak form 2. Semistrong form 3. Strong form

(b) Explain Stochastics Model with suitable example.

7 Marks

Ans. 1. Meaning

2. Formula

3. Example

**OR**

Q.4 (c) Explain Brownian Motion in detail.

8 Marks

Ans. 1. Meaning

(5)

2. Features

3. Example

(d) Explain a note on BETA.

7 Marks

**Ans. (It's on the discretion of examiner)**

Q.5 (a) Explain the meaning of broker. State its duties.

8 Marks

**Ans. Meaning**

Duties of a broker

7 Marks

(b) Define BOLT. Explain its benefits.

**Ans. Definition**

Benefits – 1. Investor awareness 2. Online screen based trading 3. World's first centralized exchange – based internet trading system 4. Online surveillance system (boss) 5. Training is provided by BSE Training Institute with 40 courses in collaboration with various universities

**OR**

**Q.5 Write short notes : (any 3)**

15 Marks

(a) Retail investor

(b) Book Building Process

(c) Merits of fundamental analysis

(d) Stock Market Quotations

(e) NSCCL

**Ans. (It's on the discretion of examiner)**