

Question Bank

Course Name: BBE

Paper Name: Indian Financial Markets and Services

Semester: VI

1. 'There is a strong relation between the economic activity and the financial market of the economy.' Explain this statement in context of the role of the financial markets in the economy.
2. What is book building? Explain its process with the help of an example.
3. 'Those who are in favour of disinvestment argue that disinvestment is good if the objective is to improve the efficiency of the PSU's.' Explain.
4. What is reverse Book Building process? How does Reverse Book Building process work for delisting a company from BSE or the NSE?
5. Assume only three scripts A, B & C constitute the index with the number of outstanding shares of each being 100, 300 and 200 respectively. The base period prices of the three scripts are ₹10, ₹50 and ₹20 respectively while their current prices are A ₹500, B ₹400 and C ₹100 and the index in the base period was put at 10. What shall be the impact on the index if company A issues a right in the ratio 1:1 to its shareholders. Apply S&P methodology.
6. What are margins in margin trading? Explain the different types of margins how they are calculated?
7. 'The Depository System offers a lot of advantages not only to investors but also to the company.' Explain.
8. GILT schemes invest mostly in government securities and government securities are extremely sensitive to interest rate changes. Explain.
9. What is a Call Money market? Explain the reasons for the volatility and the remedial measures RBI has taken to check such volatility.
10. 'In a Money market the Central Bank should be strong enough to control and influence money markets.' Explain.
11. 'A credit rating can be assigned to any entity that seeks to borrow money.' Explain the concept and methods of credit rating.
12. 'The Indian Banking system is beleaguered with non-performing assets (NPAs).' Explain the concept of NPA and reasons for NPAs in the light of above statement. Also mention related frauds in the last five financial years in India.

13. What are the various factors that contributed to growth of housing in India? Explain. Also explain the role of various institutions that support the housing sector in India.
14. 'In common language, bull would be associated with a rising market while a bear denotes a falling market.' Explain the statement.
15. Define venture capital. What advantages does it enjoy over traditional sources of finance?
16. How is disinvestment helpful in raising funds in the primary market? Critically analyse this method in the Indian scenario.
17. Under Book Building the price of the shares is determined on the basis of bids received rather than being predetermined by company or underwriters. Explain the process of Book Building.
18. Write a short note on rolling settlement.
19. What are repos? State the different types of Repos. How does the RBI use Repos as a tool for managing liquidity in money market?
20. What is money market? What are the steps taken to develop the Indian Money market?
21. Discuss the role played by RBI to promote retail trading in Government Securities.
22. What do you mean by Development Banks and how it is different from Commercial Banks? Give suitable examples.
23. What is credit rating? Explain its importance and briefly discuss the role of credit rating agencies in India.
24. Discuss the various components of a financial system? Is a strong financial system a precondition to growth of any country?
25. Intermediaries in the Primary market bring efficiency & develop expertise in pricing new issues. In light of the above statement discuss different types of intermediaries in primary market.
26. What are the different types of Employee stock option schemes that have been adopted in India after the technology boom?
27. Scams create a chaos in the financial markets and led Indian capital market towards demutualisation and corporatisation of stock exchanges. Explain these concepts in brief.
28. Illustrate the stock market trading mechanism. Explain the steps involved in buying and selling securities in the stock exchange.

29. What is a call money market? Who all are the participants in the Call Money market? State the factors responsible for volatility in call rates.
30. Treasury bills play a vital role in cash management of the government. Explain its types and the process of auction.
31. Explain when issued market in Government Securities in secondary market.
32. Explain the role of DFHI and STCI in the money market.
33. How repo rate and reverse repo rate affects the money supply?
34. Government and RBI have initiated several measures to manage and contain Non-performing assets of banks. Explain the term NPA and various tools banks have been empowered with, to deal with this issue.
35. Green show option as an initial price stabilizer in case there are variations in stock prices post listing. Explain.
36. Given below is the information about the 3 stocks that alone constitute the index. The base period of the stocks was 1st July 1970 for which the value may be taken as 1 and you are required to compute the index for these stocks as on 1st January 2003 assuming no additional shares were issued for any of these three stocks. Compute both price and value weighted indices and also comment why the two indices do not match.

Stock	Outstanding No.	Base year(₹)	Recent Period price (₹)	% change in price
A	60000	30	42	+40%
B	20000	30	50	+66.67%
C	135000	20	25	+25%