

Indian Institute of Technology Kharagpur

Date _____ FN/AN Time: 3 hours Full Marks: 50 No of Students: 62 (approx)
End Spring Semester 2015-16 Deptt: HSS Sub No: HS30097
Sub Name: Financial Institutions and Markets

Answer all the questions and all the questions carry equal marks.

1. Discuss the factors responsible for the volatility of the call money rate?
2. Discuss the different steps of Book Building Process.
3. Write a short note on Market Microstructure of secondary equity market in India.
4. Assume that an initial margin requirement of 50% and a maintenance margin of 30%. An Investor buys 100 shares of stock on margin at Rs. 60 per share. The price of the stock subsequently drops to Rs. 50. Is there a margin call? On the basis of your result justify your answer. If your answer is no then at what maximum price the investor will get the margin call?
5. What are the different approaches in bank lending? What are the various risks faced by the banks which affect their performance and how they are measured?
6. How the future contracts are different from options? Define the concept of moneyness in the context of options. What is the difference between pay-off and profit in option trading?
7. What do you mean by Foreign Exchange Market? Explain the factors determining the exchange rate. Explain in detail the effects of foreign exchange intervention policy of RBI on Net Flow Assets (NFA), Net Domestic Assets (NDA) and money supply.
8. Define a mutual fund. How the mutual fund investments are different from direct investment in markets and hedge funds? Explain different types of mutual fund schemes characterized by structure and investments?
9. With a suitable hypothetical example explain the various auction methods for issuing the government of India securities.
10. Following are the daily individual stock quotations of 5 NSE listed companies. Find the weightage for the index construction by including the 5 stocks in terms of equal weighted, price weighted and market value weighted series.

Stock	Open Price	High	Low	Close	Base Price	52Week (Low/High)	P/E	Traded Quantity	Traded Value	Outstanding Shares
A	78	79.25	75.05	75.45	44.95	35.20/ 85.10	15.1	86945	6560000	14331028
B	18.2	18.85	17.95	18.30	9.36	11.60/ 52.95	8.6	4056072	74226118	191986549
C	3730	3790	3730	3764	2936	3134/ 4900	62.89	576	2167863	11265070
D	130	132.7	126.4	128.6	106	118/169	11.63	267078	34346231	74177694
E	1400	1421.8	1336	1347	1298	1279/ 1489	49.83	66747	89908209	14843230
