

PGDFM & I (Sem.-2) Examination

Paper-5

Investment Management

April 2019

Time : 1-30 Hours]

[Max. Marks : 70

Q.1 (A) Attempt any One

(06)

(1) An Insurance Company has an obligation to pay Rs. 196,700 after 10 years. The market interest rate is 7%, so the present value of the obligation is Rs. 100,000. The Insurance company's portfolio manager wants to fund the obligation with the mix of six years bonds and perpetuities paying annual coupons. How much should he invest in these two instruments?

(2) The rate of return on the stock of Engage Technologies and on the market portfolio for 6 periods has been as follows.

Period	Return on Engage Technologies (%)	Return on Market Portfolio (%)
1	16	14
2	12	10
3	-9	6
4	32	18
5	15	12
6	18	15

Calculate the beta of Engage Technologies.

Q.1 (B) Complete the statements

(04)

- (1) In CAPM market risk premium is _____.
- (2) The key dimensions of portfolio management are _____.
- (3) Treasury Bills are short-term financial instruments issued by _____.
- (4) The process of converting cash into securities and back to securities by the financial markets is _____.

Q.1 (C) Attempt any two questions

(12)

(1) The following information is available for a bond.

Face Value: Rs. 100

Coupon rate: 9 % payable annually

Years to Maturity: 5 years

Current Market Price: Rs. 105

What is the duration of the bond? Use the approximate formula for calculating the Yield to Maturity (YTM).

(2) The returns of the two assets under four possible states of the nature are given below.

State of Nature	Probability	Return on Asset 1	Return on Asset 2
1	0.40	-6%	12%
2	0.10	18%	14%
3	0.20	20%	16%
4	0.30	25%	20%

- (a) What is standard deviation of the return Asset 1 and Asset 2?
- (b) What is the covariance between the returns on Asset 1 and Asset 2?
- (c) What is the coefficient of correlation between returns on Asset 1 and Asset 2?

(3) The current dividend on an equity share of MG Ltd is Rs.5. The present growth rate is 50%. However, this will decline linearly over a period of 8 years and stabilize at 10%. What is the intrinsic value of share of MG Ltd., if investors require return of 18% from its stock?

Q.2 (A) Attempt any One

(10)

(1) "Merchant Bankers play a very important role in issue management activity." State the major obligations and responsibilities of merchant bankers.

(2) Discuss the key steps involved in portfolio management.

Q.2 (B) Multiple Choice Questions

(06)

- (1) Where the offer or invitation to subscribe for shares and debenture is made to less than 50 persons, then such an offer or invitation is known as _____ offering.
 (a) public (b) private placement (c) rights
- (2) The Beta of the portfolio is _____ of the regression line.
 (a) Slope (b) intercept
- (3) A call option gives the option holder the right to buy a stock at a fixed price on or before a certain date.
 (a) True (b) False

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- (4) Future contract is standardized forward contract.
 - (a) True
 - (b) False
- (5) An Exchange Traded Fund (ETF) is a hybrid of a close ended and open ended index fund.
 - (a) True
 - (b) False
- (6) _____ does not bring in any fresh capital.
 - a) Equity
 - b) Preference
 - c) Debenture
 - d) Bonus

Q.3 (A) Attempt any Two

(10)

- (1) Write a detailed note on Foreign Exchange Market.
- (2) What is Share buyback? Explain the reasons and rationale of it.
- (3) What are the basic premises of technical analysis?

Q.3 (B) Attempt any One.

(06)

- (1) Consider the following information for three mutual funds; P, Q and R, and the Market.

	Mean Return (%)	Standard Deviation (%)	Beta
P	15	20	0.90
Q	17	24	1.10
R	19	27	1.20
Market Index	16	20	1.00

The mean Risk-free rate was 10 %

Calculate the Treynor measure, Sharpe measure and Jensen measure for the three mutual funds and the market Index.

- (2) The following information is given:

	Stock P	Stock Q
Expected Return	12%	26%
Standard Deviation	15%	21%
Coefficient of correlation	0.30	

- i) What is covariance between stock P and Q?
- ii) What is expected return and risk of a portfolio in which P and Q are weighted 3:7?

Q.4 (A) Attempt any Two

(10)

- (1) Discuss the structure and various components of Indian Financial System (IFS).
- (2) 'Repos are the tool in the hand of RBI for managing liquidity in the money market.' – Explain in detail.
- (3) 'As an investor there is a wide array of Investment options are available'- Describe various categories.

Q.4 (B) Attempt any One

(06)

- (1) Explain the forward contract, future contract and options.
- (2) What is Market Efficiency? Distinguish the three levels of market efficiency.
- (3) Discuss the concept of Efficient Frontier in Portfolio theory.

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Candidate's Seat No : _____

**PGDFM & I (Sem.-2) Examination
Paper-6**

Marketing of Financial Services

Time : 2-30 Hours]

April 2019

[Max. Marks : 70

Q.1 (A) Each question is of one marks

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1. NBFCs role in India is?
 - a) To accept demand deposit
 - b) To open current/ saving account
 - c) To issue cheque/ demand draft
 - d) To deliver credit to borrower
2. IPO Grading in India is done by SEBI.
 - a) True
 - b) False
3. In Leasing who can claim for depreciation?
 - a) Hire Purchaser
 - b) Lessor
 - c) Hire Seller
 - d) Lessee
4. Which of the following is important for verbal communication skill?
 - a) Questioning skills
 - b) Listening skills
 - c) Position
 - d) Personality
5. The term _____ is derived from the Latin word meaning "to move forward".
6. The components of communication includes the Sender in it. TRUE/FALSE.
7. Non-Verbal symbols in communication does not include Smile in it. TRUE/FALSE.
8. Language is one of the barrier in communication. TRUE/FALSE.

Q.1 (B) Attempt any two

10

1. Describe the various components of communication in detail.
2. Explain the importance of different non-verbal communication skills in selling of financial services.
3. Describe bancassurance in detail.

Q-2(A).Attempt any TWO.

10

1. Explain Marketing Mix of Financial Services.
2. Explain Product Life-Cycle with diagram.
3. Explain New Product Development Process.
4. Explain Market Segmentation of Financial Services.

Q-2(B).Attempt any TWO.

10

1. Explain Importance and Benefits of effective communication in Financial Service Industry.
2. Explain Strategies for successful listening and speaking skills.
3. Explain Behavioural Aspects of Distribution Channels in financial services.

Q.3 (A) Attempt any one.

10

1. Explain the Pre issue and post issue obligations of Merchant banker
2. Explain different types of mutual fund schemes.
3. Explain Functions of Banks.

Q.3 (B) Attempt any two

06

1. Explain different types of investment banks.
2. Explain factoring concept briefly
3. Explain reverse mortgage loan briefly.

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Q-4(A).Attempt any TWO.

10

1. Write the scope of Marketing Management.
2. Explain company orientation towards the market place.
3. Explain the factors influencing Consumer Behaviour.

Q-4(B).Attempt any TWO.

06

1. Explain nature of Marketing Management.
2. Explain Porter's 5 forces model.
3. Explain advantages of Branding.

X-X-X-X-X-X-X-X-X-X-X-X-X-X-X

PGDFM & I (Sem.-2) Examination

Paper-7

Non-Life Insurance

April 2019

Time : 2-30 Hours]

[Max. Marks : 70

Q-1(A) Write a note on provisions in "Motor Vehicle Act 1988". Explain various perils of it. (10)

OR

(A) What are the various types of reinsurance contract? (10)

(B) Explain following: (06)

A. Actuary B. Annuity C. Claim

OR

(B) Explain: (06)

a. Principle of Mitigation of loss. b. Principle of Probability

Q.2. (A) write an note on "Micro insurance". How can it help in development? (10)

OR

(A) Write a note on fidelity guarantee insurance with product's features. 10 marks

(B) Define the meaning of following: (06)

A. Coverage B. Deductibles C. Exclusion

OR

(B) Define marine insurance. Explain scope of marine insurance. (06)

Q-3 (a) What are the various types of risk that a business may face? (10)

OR

(a) Explain underwriting. What are the objectives of underwriting? (10)

(b) Explain Any Four engineering insurance products. (06)

OR

(b) Answer following: (06)

1. When was the general insurance council of India formed?

A. 1970 B. 1972 C. 1973 D. 1993

2. The Basis of risk is

A) liability B) uncertainty C) possibility of loss D) insurance

3. Which of the following is an example of a hazard?

A) Fire B) Vandalism C) Slippery floor D) Flood

4. To indemnify means to

- A) Put back in the same financial position just prior to the loss.
 B) Put aside funds to pay for losses reported but not yet paid.
 C) Transfer risk to someone who has better financial resources and can withstand loss
 D) Make financial provisions for dealing with potential losses.

5. Ratemaking is....

- A) A request for insurance, which can be oral or written.
 B) The process of establishing rates for each class of insurance.
 C) Applying the established rate to a specific items that are to be insured.
 D) Related to the character of the insured.

6. A broker is an intermediary. True/False

Q-4

(A) Role of surveyor and loss assessor (07)

OR

(A) Explain in details required to fill in the claim form and proposal form. (07)

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P. G. D. F. M. I. (Sem.-2) Examination**Paper-8****Regulation of Financial Market and Services****Time : 2-30 Hours]****April 2019****[Max. Marks : 70**

- Q1. A. Explain capital market. Define any four capital market instruments. (10)
OR
- A. Write a note on RBI functions of monitor policy. (10)
- (B) What is GIBNA? Explain its functions. (06)
OR
- (B) Explain Life insurance council of India. (06)
- Q.2. A. Explain history on National stock exchange functioning in India. (10)
OR
- A. Write a note on "A capital market regulator – SEBI". (10)
- B. Any two (06)
1. IRDA functions for licensing to insurance agent
 2. IRDA functions to protect policy holder's interest.
 3. IRDA functions for insurance advertisement and disclosure.
- Q.3.
- A. Write a note on Motor vehicle Act 1988 (10)
OR
- A. Explain General insurance council. (10)
- B. Explain insurance ombudsman (06)
OR
- B. Answer following. (06)
1. Limit of FDI in insurance sector is _____
 2. Headquarter of LIC is situated in _____
 3. RBI was established in _____
a. 1935 b. 1936 c. 1931 d. 1932
 4. Who works as RBI's agent where there is no office of its own?
a. Government of India c. Ministry of finance
b. State bank of India d. International monetary fund
 5. NSE set up _____ to undertake clearing and provide settlement guarantee at the exchange.
a. NSCDIL c. CRISIL
b. National securities clearing corporation limited d. NSE IT
 6. To promote dematerialization of securities, NSE has set up first depository _____ with UTI and IDBI.
a. NSDL b. CDSL c. CRISILd. BSE
- Q 4. A. IRDA powers and duties (12)
OR
- A. Explain Insurance Act 1938. Define various sections under it. (12)
- B. Explain contract of insurance (10)
OR
- B. Answer following. (10)
1. NABARD stands for _____
 2. Arrange following from less risky to more in the market.
1. Cash 2. Debentures 3. Foreign exchange 4. Equity shares
 3. Under section 10 of Consumer Protection Act every member of district forum shall hold office for a term of _____ years
a. 2 b. 5 c. 10 d. Not decided

4. Redressal Agencies comes under which consumer protection act?
 - a. National commission
 - b. District forum
 - c. State commission
 - d. All of these
5. National commission can entertain claims of goods and services of which value exceeds Rs.
 - a. 25,00,000
 - b. 50,00,000
 - c. 1,00,000
 - d. 2,00,000
6. The main role of underwriter in a non-life insurance company is normally to _____
 - a. Assess the acceptability of particular risk
 - b. Certify a loss when claims are submitted
 - c. Design a structure of the product to be offered
 - d. Negotiate with the industry regulator
7. The need for investment advice from an insurance agent normally results from what overriding key factor?
 - a. Absence of any long-term goals.
 - b. Inability to prioritise future financial needs.
 - c. Lack of market knowledge.
 - d. Shortage of available funds.
8. Legislation gives which body the power to specify a code of conduct for surveyors and loss assessors?
 - a. Institute of Insurance and Risk Management.
 - b. Insurance Regulatory and Development Authority.
 - c. Life Insurance Council.
 - d. Securities and Exchange Board of India.
9. Which committee recommended the establishment of IRDA
 - a. Malhotra committee
 - b. Gadgil committee
 - c. Rajmanhar committee
 - d. Mehrotra Committee
10. SEBI has allowed celebs to endorse which product?
 - a. Interest
 - b. Mutual Funds
 - c. Dividend
 - d. Insurance

X-X-X-X-X-X-X-X-X-X-X-X-X-X-X