

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Financial Institutions and Markets
Semester-VI (Batch: 2014-19)

End Semester Examination: April-May 2017

Date: 9th May, 2017

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Part-A
(Answer all questions)

Marks

- | | | |
|-----|---|---------------|
| Q.1 | Write short notes on the following: | (10x1
=10) |
| | (a) Short selling | |
| | (b) Intraday trading | |
| | (c) Dutch Auction and French Auction | |
| | (d) Bid ask spread | |
| | (e) Japanese Candlesticks | |
| | (f) Free Float Factor | |
| | (g) Stock Beta | |
| | (h) Gilt edged securities | |
| | (i) Capital Indexed Bonds | |
| | (j) Qualified Foreign Investor (QFI) | |
| Q.2 | The biggest task of a financial manager is to reduce the cost of capital. How are instruments such as ECB, FCCB, ADR and GDR help to achieve the objective of reduction of cost of capital? | (10) |
| Q.3 | Discuss the potential of money market instruments in fulfilling short term capital needs of institutions. | (10) |

Part-B
(Answer any four)

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|-----|---|------|
| Q.4 | Discuss Limit Orders (Limit Buy, Limit Sell, Stop Buy and Stop Loss) with hypothetical price situations. How do these orders protect investors from unlimited loss? | (05) |
| Q.5 | Discuss the role of Depository (such as NSDL) and Clearing Houses (such as NSCCL) in the process of clearing and settlement of trades. | (05) |
| Q.6 | Differentiate between Forwards, Futures and Options. How do options protect the option holder from incurring unlimited losses? | (05) |

- Q.7 "Information asymmetry is the principal driver of prices in the capital market." Elucidate the statement with reference to insider information and influence of analysts' opinion. (05)
- Q.8 Discuss the process of determination of Sensex. Is Sensex the real barometer of Indian economy? (05)
- Q.9 "SEBI has been proactive in protecting the interest of investors and progressive in developing the financial sector." In light of the above statement, briefly discuss the regulatory and developmental role of SEBI. (05)
