

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

(1) Given a five-year, 8% coupon bond with a face value of Rs. 1,000 and coupon payments made annually, determine its values given it is trading at the following yields: 8%, 6%, and 10%. Comment on the price and yield relation you observe. What are the percentage changes in value when the yield goes from 8% to 6% and when it goes from 8% to 10%?

(2) 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

(3) (i) Assume an initial margin requirement of 50 percent and a maintenance margin of 30 percent. An investor buys 100 shares of stock on margin at Rs. 60 per share. The price of the stock subsequently drops to Rs. 50. (a) What is the actual margin at Rs. 50? (b) The price now rises to Rs. 55. Is the account restricted? (c) If the price declines to Rs. 49, is there a margin call? If yes why or no why?

(ii) If a 182 days T-bills traded in the market at Rs. 92 and the redemption price is Rs. 100 then after 60 days what will be the yield of Treasury bill?

(4) What is mutual fund; categorize the mutual funds on the basis of structure and objectives and how it is different from hedge fund?

(5) What are the features of New Pension Scheme? Is it better than mutual fund for investment? Justify your answer.

(6) What are the instruments available in the primary equity market in India and how the price of initial public issues is determined?

(7) Explain the market microstructure of secondary equity market in India.

5 million 10 million  
37% 17%

(8) Define foreign exchange market in terms of size and characteristics and what are the factors affect the exchange rate and how? Explain the impact of foreign exchange intervention on the money supply of the economy.

(9) Explain the features, importance and auction process of government securities in India with a suitable example?

(10) Why the call rates are volatile and the commercial papers and certificate of deposits markets are not developed in India?