

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
Post-Graduate Department of Commerce (M. Com)
M.Com Part-I, Semester-I, Semester End Examination, January 2023
(Accounting and Finance)
COTC-402: Capital Markets and Stock Exchange Operations (OA - 35)

Duration: 2 Hours

Max Marks: 40

Instructions:

1. This paper consists of **Seven** questions carrying **Equal marks**.
2. Question No.1 consists of **5 Compulsory** questions of **2 marks each**.
3. Answer **any THREE** questions from question No. 2,3,4,5,6 and 7.
4. Each question carries **10 marks**. Figures to the **right** indicate marks.

Q.1. Answer the following

(5X2= 10 marks)

- a) Define Red-Herring Prospectus.
- b) Write a brief note on Value at Risk Margin.
- c) Define Free-Float market Capitalization.
- d) Highlight the important features of Short-selling.
- e) Write a short note on Odd lot system.

Q.2.A. There are several Intermediaries involved in the successful completion of raising fresh capital from the Primary Market. Discuss briefly the various Intermediaries and their functions in the New Issue Market. **(08 Marks)**

B. Highlight the features of SCORES as an initiative for Investor Protection.

(02 Marks)

Q.3.A. Richard is working for a well established Company in his town and has a proportion of savings which he wishes to invest in the stock market. However, Richard is not

familiar about the process of trading. Guide Richard in this context and Elucidate the Trading, Clearing and Settlement mechanism followed in the Indian Stock Market.

(08 Marks)

B. Describe the Auction market under NEAT System.

(02 Marks)

Q.4. A. Following table shows the constituents of NIFTY index as on 1995 comprising of Five stocks.

Company	Market Price (Rs.)	No. of Equity Shares
Reliance Industries Ltd.	2,010	30,000
ITC Ltd.	270	20,000
Infosys Ltd.	950	15,000
HDFC Bank Ltd.	1,500	10,000
Larsen & Toubro Ltd.	1,920	25,000

The current market price for the stocks are as follows:

Reliance Industries Ltd – Rs. 2,000, ITC Ltd – Rs. 300, Infosys Ltd- Rs. 1,200, HDFC Bank Ltd- Rs. 1,350 and Larsen & Toubro Ltd – Rs. 1,900.

Calculate Weights of each stock in the NIFTY Index, the current Nifty Index points and the percentage change in Index Value.

(06 Marks)

B. An Index acts like a barometer which shows the overall conditions and behaviour of the market. Discuss.

(04 Marks)

Q.5. A sound risk management system is an integral part in the efficient clearing and settlement system. Discuss briefly the following Risk management measures adopted in the Indian Stock Market.

a. Circuit Breakers (03 Marks)

b. Capital Adequacy Requirements (03 Marks)

c. Settlement Guarantee Fund (02 Marks)

d. On-line Exposure monitoring (02 Marks)

Q.6.A. Book Building is a preferred Pricing mechanism over Fixed Price in Public or Fresh Issue. Discuss. (02 Marks)

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B. Discuss the important features of Block Deals and their implications on the Indian Stock Market. **(04 Marks)**

C. NIFTY 50 is one among the two main broad-market Indices in India which serves as a benchmark for various portfolios and index funds. Elaborate the methodology followed for selection and revision of constituent stocks in NIFTY 50. **(04 Marks)**

Q.7.A. Risk in the Clearing and Settlement arise on account of various reasons. Explain briefly the various types of risks in the Clearing and Settlement process. **(05 Marks)**

B. SEBI's primary objective is to protect the interest of investors and the development of the Indian Securities Market. Elaborate the Role of SEBI in Investor Protection in the Primary and Secondary Market. **(05 Marks)**

*****Best Wishes*****