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Shree Damodar College of Commerce & Economics, Margao-Goa  
Post-Graduate Department of Commerce (M. Com)  
M.Com Part-II, Semester-III, Semester End Examination, November 2022  
(Accounting and Finance)  
COO334: Capital Markets and Stock Exchange Operations (OA - 18A)

**Duration: 3 Hours**

**Max Marks: 60**

**Instructions:**

1. *This paper consists of NINE questions carrying Equal marks.*
2. *Question No.1 consists of 5 Compulsory questions of 2 marks each.*
3. *Answer any FIVE questions from question 2,3,4,5,6,7,8 and 9.*
4. *Each question carries 10 marks. Figures to the right indicate marks.*

Q.1. Answer the following

(10)

- a) Write a short note on Closing Price and Last Traded Price.
- b) Highlight the important features of Short-selling.
- c) Define Free-Float market Capitalization.
- d) What is Systematic Risk and Unsystematic Risk in the Securities Market?
- e) State the features of SCORES as an initiative for Investor Protection.

Q.2. 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. (10)

Q.3. A. Describe the various methods of Floating New Capital in the Primary Market. (5)

B. Discuss the Importance of Stock Exchanges in the development of an economy. (5)

Q.4. Briefly illustrate with the help of an example the Trading, Clearing and Settlement Process followed in the Indian Stock Market. (10)

Q.5.A. Briefly discuss the importance of the Pre-Open Session in the Equity Segment of the Indian Stock Market. (6)

B. Bulk and block deals are indicative of interest building in a particular stock. Highlight the major Differences between Block Deals and Bulk Deals. (4)

Q.6.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 and the current NIFTY index value. (6)

B. Following are three stocks comprising an index. In the following table,  $P_t$  stands for Price at time  $t$ ,  $Q_t$  represents shares outstanding at time  $t$ .

	$P_0$	$Q_0$	$P_1$	$Q_1$	$P_2$	$Q_2$
Stock R	80	100	85	100	85	100
Stock S	60	200	55	200	55	200
Stock T	110	200	120	200	115	200

Calculate the index values for period  $t=0$ ,  $t=1$  and  $t=2$  based on price-weightage method. Also Calculate the Percentage Change in Index Value from period  $t_0$  to  $t_1$  and period  $t_1$  to  $t_2$ . (4)

Q.7.A. An Index provides with information about the entire market behaviour. Discuss the Importance of an Index in the Stock Market. (5)

B. 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. (5)

Q.8. 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. (10)

Q.9. 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

b. Settlement Guarantee Fund

c. On-line Exposure monitoring

d. Capital Adequacy Requirements (10)

\*\*\*\*\*Best Wishes\*\*\*\*\*