

2 MAY 2024

NATIONAL LAW UNIVERSITY, JODHPUR

End Term Examination April-May, 2024

Semester: U.G – X Sem – Business Law Hons.

Subject: Financial Market and Regulatory Systems

Marks: 100

Time: Three Hours

Instructions:

1. Attempt any Five out of six questions.
2. All questions carry equal marks.
3. Use of any reference material such as Bare Acts is not permitted.
4. Use of Simple Calculator is permitted.

Q1). Sustainable development is the need of the hour and it is not a responsibility of an individual, rather it is a responsibility of all. Considering the same the Indian government has started "Green Fixed Deposits". Explain how these green fixed deposits can act as an instrument to aid sustainable development. Also, explain the various issues associated with this concept.

(20 Marks)

Q2). Investing in Futures & options market is quite different from the investment made in normal primary or secondary market. The difference is not only because of the nature of investment but it is also due to working process of the market. In the light of above-mentioned statement explain the difference between normal stock market and futures & options and also explain various risk associated with it.

(20 Marks)

Q3). Mr. Aman Singh Choudhary retired from the post of Professor and Head of the Department English, Delhi University on 31st December 2023. He wants to invest his hard-earned money i.e., Rs 15-Lakh Rs which he has received at the time of retirement. Mr. Aman has very little knowledge of the investment schemes which are available in the market and also since he is of traditional thought process and he does not want to invest money in stock market due to the presence of risk. Therefore, he decided that he should invest his money in Fixed Deposit in a public sector bank. On 1st January 2024 he invested 15 lakhs rupees in Fixed deposit and the rate of interest of the F.D. is 7% compounded annually and the time



period of fixed deposit is 3 years. Since Mr. Choudhary is very confused about Real interest and Nominal Interest he has approached for your advice.

- A. Explain how the concept of Nominal interest differs from Real Interest.
- B. In the abovementioned scenario calculate the Nominal and Real Interest.

The increase in rate of Inflation are as follows:

- a. For the Calendar year 2024 is 0.25%,
- b. For the year 2025 is 0.75% and
- c. For the year 2026 is 1.25%.

(10+ 10= 20 Marks)

Q4) a. The relationship of bond and interest rates is very unique and it keeps on changing from market to market. Critically Comment.

b. "A" a bond being traded at 15000 Rs and the rate of interest is 6.5% and the maturity time period is 5 years. "B" a new bond has been introduced in the market having similar maturity time period and similar risk associated with it and it promises a rate of interest of 7.75%. At what rate bond "A" should be traded so as to match the interest rate promised by bond "B".

(10+ 10= 20 Marks)

Q5). (a) Explain the concept of P/E Ratio? Also, explain the relevance of this concept for an investor in the market?

(b) Also calculate the P/E ratio in the following scenario.

- A. No. of shares = 15000
- B. Total profit generated = 135000
- C. Market Price Per Share = 1000.

(10+ 10= 20 Marks)

Q6). Write short notes on any **four** of the following

- a. Quantitative Easing
- b. Debenture Trust deed
- c. Venture Capital Fund
- d. Underwriters and Underwriting
- e. Alternative Investment Fund

(5M*4=20Marks)

