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**CMS 506**

**Third Semester M.Com. Degree Examination, December 2018**  
**(Choice Based Credit System)**  
**COMMERCE**  
**Optional (FMAIS) : Capital Market Operations**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

**Note :** a) Answer **any four** questions.

**(4×10=40)**

b) **Each** question carries **10** marks.

c) Answer to **each** theory question should **not** exceed **four** pages.

1. What are Investment Attributes ? Explain the process used for investment by the investors.
2. Describe the different forms of 'Efficient Market Hypothesis' and give empirical evidence of Weak form of market efficiency.
3. The following data is available for a bond :
  - i) Face Value Rs. 1,000
  - ii) Coupon rate 16% payable annually
  - iii) Years to maturity 6 years
  - iv) Redemption value Rs. 1,000
  - v) Current market price Rs. 964.5

What is the yield to maturity, duration, and volatility of this bond ?

4. Explain different types of mutual funds available in the Indian Capital Market.

**P.T.O.**



5. Calculate the expected rate of return, variance and standard deviation of the Stock X and Stock Y.

|                    | Bear Market | Normal Market | Bull Market |
|--------------------|-------------|---------------|-------------|
| <b>Probability</b> | 0.2         | 0.5           | 0.3         |
| <b>Stock X</b>     | -20%        | 18%           | 50%         |
| <b>Stock Y</b>     | -15%        | 20%           | 10%         |

6. Describe the functions and parties involved in the primary and secondary markets in India.

7. Write explanatory note on “Duration and Convexity of bonds”.

SECTION – B

**Note :** a) Answer **any two** questions. (2×15=30)

b) **Each** question carries **15** marks.

c) Answer to **each** theory question should **not** exceed **seven** pages.

8. From the following data, find Alph and Beta of equity stock of Babbar Ltd. :

| Period | % Returns of Equity Shares of Babbar Ltd. | % of Returns of Market Portfolio |
|--------|---|----------------------------------|
| 1      | 30  | 35                               |
| 2      | 28  | 30                               |
| 3      | 25  | 18                               |
| 4      | 20  | 15                               |
| 5      | 24  | 20                               |
| 6      | 10  | 11                               |
| 7      | 3   | -10                              |

9. Discuss recent trends and development in the Indian Capital market.

10. Write a note on the following :

a) Dow theory.

b) Security Valuation.

c) Money Market.