INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS-BCOM

Term End Examination (2025 Pattern) April- May – 2026- Semester – II

Course Name: Financial Markets-II **Max. Marks: 50**
Course Code: 25COM221T **Time: 2 Hr. 30 Minutes**

Instructions

- *Instructions 1: Read all the questions Carefully.*
- *Instructions 2: All the Questions are compulsory*

Q1.	**Multiple Choose Questions (Attempt Any 6) (6 Marks)** **1. Which of the following is the FIRST step in the process of a public issue**? (a) Listing on Stock Exchange (b) Filing Draft Red Herring Prospectus (DRHP) with SEBI (c) Allotment of Shares (d) Roadshow **2. In the Book Building process, the price of shares is determined by:** (a) SEBI exclusively (b) Company's Board of Directors (c) Demand from investors during the bidding period (d) Fixed by the registrar **3. Which index represents the top 50 companies listed on the National Stock Exchange of India?** (a) Sensex (b) Nifty 50 (c) BSE 500 (d) Nifty Bank **4. Dematerialization of shares means:** (a) Physical share certificates are issued (b) Shares are converted from physical form to electronic form (c) Shares are destroyed after trading (d) Shares are transferred to SEBI **5. A participant in the derivatives market who aims to profit from price differences between two markets is called an:** (a) Hedger (b) Speculator (c) Arbitrageur (d) Broker	**CO1**

	6. Which type of derivative contract gives the buyer the RIGHT but NOT the obligation to buy or sell an asset at a predetermined price? (a) Forward (b) Futures (c) Options (d) Swaps **7. The Net Asset Value (NAV) of a mutual fund is calculated as:** (a) Total Assets ÷ Number of Units Outstanding (b) (Total Assets – Total Liabilities) ÷ Number of Units Outstanding (c) Market Price × Number of Units (d) Total Liabilities ÷ Number of Units Outstanding	
Q2.	**Attempt the Following: (8 marks)** Explain the difference between Book Building Method of IPO pricing and Fixed Pricing Method of IPO with suitable examples.	**CO2**
Q.3	**Attempt the following (Any 1) (12 Marks)** 1. A full-service broker and a discount broker are both approached by different investors. Apply your knowledge to describe the services each broker would provide, the commission they charge, and for which type of investor each is suitable. 2. A farmer growing wheat is concerned that wheat prices may fall by the time of harvest. Apply your knowledge of the Futures and Options Market under (ETD) to explain how he can hedge this risk using a futures contract. Include a simple numerical example.	**CO3**
Q.4	**Attempt the following (Any 1) (12 Marks)** 1. Evaluate the role of Commodity Derivatives in India's agricultural sector. Assess how farmers and traders can use commodity futures to stabilize income and whether the current framework is adequate. 2. Determine the effectiveness of Forward Contracts vs Futures Contracts for hedging currency risk for an Indian exporter. Which instrument would you recommend, and why?	**CO5**
Q.5	**Attempt the following (Any 1) (12 Marks)** 1. Analyze the role of SEBI and AMCs (Asset Management Companies) in regulating and managing mutual funds in India. 2. List the advantages and disadvantages of investing in Mutual Funds.	**CO4**

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