

MAY 2012

P/ID 6026/MEJ

Time : Three hours

Maximum : 80 marks

PART A — (8 × 5 = 40 marks)

Answer any EIGHT questions.

All questions carry equal marks.

1. Define 'investment analysis approach'.
2. Define IRR in terms of the discount rate.
3. What are the relationship between NPV and cost of capital?
4. Define Derivatives? Explain the need for the derivatives market in India.
5. What are stock index option? Explain the process of their valuation?
6. What is a Green field factory? Explain.
7. Explain how the discounted cash flow techniques associated with capital budgeting.
8. Write few developments in commodity market in India.

9. What are the segments of a capital market? Explain the new issue market and its position in India.
10. The NSE has emerged as the leading stock exchange in India. In the light of this statement explain the features of the NSE.
11. What is merchant banker? Examine the role of merchant banker in the issue management.
12. What are convertible securities? Explain the various features of convertible debentures.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

13. Explain the conflict between choosing investments based on the DCF technique and the subsequent evaluation of investments based on the accounting rate of return.
14. Discuss the three types of investment strategy in relation to two types of risk.
15. Explain the concept of multiple attribute decision model described in the CAM-I conceptual design.
16. What is portfolio investment concept? Why is this important?

17. Discuss the compatibility of the investment management concepts with the concepts of communitarian and individualistic capitalism.
 18. What are the main constraints or obstacles to implementing the investment management concept?
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