



Institute of Management
JK Lakshmipat University
Jaipur

MID TERM-II EXAMINATION-APR 2019

BBA/B. Com(H)-. Sem-VI
MM: 20 Marks

Course: Indian Financial System
Time: 1.5 Hours
Subject code: FN09

Instructions: Question No. 1 and 2 is compulsory. Answer any two from the rest.

Q1. Mr. A can earn a return of 16 percent by investing in equity shares on his own. Now he is considering a recently announced equity based mutual fund scheme in which initial expenses are 5.5 percent and the mutual fund gives return of 18.43%. What will be the annual recurring expenses of mutual fund for indifference level of return between Return on equity share and mutual fund investment. (4 Marks)

Q2. A Mutual fund having 300 units has shown its NAV of Rs. 8.75 and Rs. 9.45 at the beginning at the end of the year respectively. The mutual fund has given two options-

- i. Pay Rs. 0.75 per unit as dividend and Rs. 0.60 per unit as capital gain, or
- ii. These distributions are to reinvested at an average NAV of Rs. 8.65 per unit.

What difference it would make in terms of return available and which option is preferable. (4Marks)

Q3. "Mutual fund investment is subject to market Risk" however mutual fund companies offer various schemes to fulfill the investment need of all types of investors. In light of this discuss the various types of mutual fund on various basis. (6 Marks)

Q4. Discuss the various methods of raising funds by companies in primary market. (6 Marks)

Q5. What is a stock market index? Discuss the different methods of determining index and explain about the major indices in India and abroad. (6 Marks)