JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2024-26)

END TERM EXAMINATIONS, OCTOBER 2025

SET-I

Course Name	**Financial Institutions and Markets**	Course Code	**20225**
Max. Time	**2 hours**	Max. Marks	**40 MM**

INSTRUCTIONS:

a. This question paper has four questions
b. Attempt all the questions
c. Please be brief and concise in your responses, writing unnecessary things will attract heavy penalty
d. This is a closed book examination
e. State assumptions made, if any
f. Marks are indicated against each question

Question 1:
What are the key functions of an efficient financial system (any five)?

(5 marks; CLO1 BT Level I)

Question 2:

(a) A large Indian corporate wants to raise ₹500 crore for working capital needs. The management is considering Commercial Paper (CPs) versus Certificates of Deposit (CDs). *Illustrate* with reasoning which instrument would be more suitable for the corporate.

(b) A textile exporter in India expects to receive $5 million in three months. He is worried about the USD-INR exchange rate fluctuating. *Demonstrate* how derivatives should be used to hedge against the exchange rate risk?

(2*5 marks=10 marks; CLO2 BT Level II)

Question 3:

(a) Zomato launched its IPO in July 2021 using the book-building method with a price band of ₹72–76. The issue was oversubscribed by more than 38 times, driven largely by Qualified Institutional Buyers (QIBs). *Explain* how the book-building mechanism help Zomato discover its offer price more effectively than a fixed-price issue?

(b) *Explain* the meaning of delisting of stocks from an exchange. *Illustrate* the differences between voluntary and compulsory delisting.

(2*5 marks=10 marks; CLO2 BT Level II)

Question 4:

(a) During a sudden increase in global oil prices, a bank faces volatility in its foreign exchange portfolio. An investor buys units in a balanced fund, but during a market crash, the NAV declines sharply. *Explain* why is the decline smaller than in an equity fund and how does diversification work in this case?

(b) A large public sector bank has seen a sharp rise in non-performing assets (NPAs) after lending heavily to the steel and infrastructure sectors during an economic slowdown. *Outline* the risks which the bank is exposed to in this case and the possible risk management tools to mitigate such risks.

(c) Mr. Sharma, aged 30, buys a term insurance policy with a coverage of ₹50 lakhs for 20 years, paying an annual premium of ₹10,000. He asks you how this differs from a money-back policy. *Compare* the benefits and costs of the two policies. For a young working professional, *explain* which product would be more financially suitable and why?

(3*5 marks=15 marks; CLO3 BT Level II)