



**PRAHLADRAI DALMIA LIONS COLLEGE  
OF COMMERCE & ECONOMICS**

ISO 9001: 2015 Certified

EXTERNALEXAM MARCH, 2023

PROGRAM: BFM	SEMESTER: IV
CLASS: S.Y. BFM	COURSE/ SUBJECT: EQUITY MARKET II
MARKS: 75	TIME: 2 Hours and 30 Minutes.

NOTE: 1. All questions are compulsory.

2. Figures are right to indicate full marks.

Q1) Fill in the blanks with appropriate options (Any 8)

(8)

- \_\_\_\_\_ are those investors or brokers who believe that share price is going upwards  
a. Bull      b. Bear      c. Stag      d. Dog
- \_\_\_\_\_ are key link between the clearing members and NSCCL.  
a. Clearing Bank      b. Depository      c. Depository participant      d. Custodian
- SEBI has also brought control member by insisting on \_\_\_\_\_ norms  
a. Capital adequacy      b. Penalty      c. Broker      d. Code of conduct
- \_\_\_\_\_ simulation helps to reduce uncertainties involved in estimating future outcomes.  
a. Montecarlo      b. Brownian      c. EMH      d. Beta
- For any company to perform well in the future it is very important to be \_\_\_\_\_ free  
a. Debt      b. Equity      c. Loan      d. Tax
- \_\_\_\_\_ analysis determines the price at which you would BUY a stock.  
a. Fundamental      b. Technical      c. Economic      d. Industry
- Indian companies including those which are micro and small enterprise can issue capital against \_\_\_\_\_  
a. FDI      b. FII      c. FPI      d. Investors
- Bombay stock exchange introduced the system which is known as \_\_\_\_\_  
a. BOLT      b. NEAT      c. VSAT      d. Satellite
- \_\_\_\_\_ was developed by prof Eugene Fama from the university of Chicago  
a. EMH      b. Montecarlo      c. Brownian      d. Volatility
- In \_\_\_\_\_ market there are large number of rational profit maximizes competing with each other  
a. Efficient      b. Inefficient      c. Strong      d. Weak



Q1) B Match the following (ANY 7)

(7)

1. Technical Analysis	a) Bank of Maharashtra
2. Right issue	b) Rate of interest is fluctuating
3. Borking firm	c) Sensitivity index
4. QIP	d) Qualified institutional placement
5. Public sector bank	e) IndusInd Bank
6. Floating rate bonds	f) Rate of interest is fixed
7. Sensex	g) Charges commission on transactions
8. Fixed rate bonds	h) Issued to existing equity shares
9. Brokers	i) Line charts
10. Private sector bank	j) Angel broking

Q2) Answer the following questions in brief

(15)

A) Give an overview of Retail Investor

[8marks]

B) What are the problems of Dis investment

[7marks]

OR

C) Define Volatility and causes of Volatility

[8marks]

D) What are the factors affecting investment decision

[7marks]

Q.3 Answer the following questions in brief

(15)

A) Distinguish between fundamental v/s Technical analysis

[8marks]

B) What are the macro economic factors affecting stock price

[7marks]

OR

C) Write in detail about technical analysis

[8marks]

D) How to do fundamental analysis of stock

[7marks]

Q.4 Answer the following questions in brief

(15)

A) Write in detail about Efficient market hypothesis

[8marks]

B) What are the achievements of SEBI

[7marks]

OR

C) Explain the categories of shares traded in stock exchange

[8marks]

D) Define Neat and explain the objectives of Neat

[7marks]

Q5) Explain the Equity Culture & contribution of stock market in the development on Indian economy (15)

OR

Q.5 Short notes (Any 3)

[15 marks]

1. Clearing Settlement
2. Online trading
3. Sub Broker
4. Portfolio investment
5. NSCCL





29/3/23

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EXTERNAL EXAM MARCH, 2023

PROGRAM: BFM	SEMESTER: IV
CLASS: S.Y. BFM	COURSE/ SUBJECT: MERCHANT BANKING
MARKS: 75	TIME: 2Hours and 30 Minutes.

NOTE: 1. All questions are compulsory.

2. Figures are right to indicate full marks.

Q1) Fill in the blanks with appropriate options (Any 8)

(8)

1. The minimum net worth for the first category of merchant bankers is  
(Rs 50 Lakhs, Rs 5 crore, Rs 20 lakh)
2. Any document by which the offer of sale, to the public is made shall be deemed  
(Prospectus, shelf, application form)
3. A \_\_\_\_\_ is a combination of two or more companies into a single company where  
one survives and others lose their corporate existence  
(Takeover, Merger, Acquisition)
4. \_\_\_\_\_ is issue to existing shareholders  
(Preferential issue, Right issue, Offer for sale)
5. The price at which the right shares are offered is at \_\_\_\_\_ price.  
(Premium, Market, Discount)
6. \_\_\_\_\_ is a security issued in the US to represent claims on shares of a foreign  
stock.  
(ADR, IDR, GDR)
7. Government securities are considered as \_\_\_\_\_ risk investment  
(High, Medium, Low)
8. Debentures that are perpetual are called \_\_\_\_\_ debentures  
(Redeemable, Irredeemable, Bearer)
9. The basic objective of listing the security is \_\_\_\_\_  
(To make popular, To provide liquidity, To protect the issuing company)
10. Bonds are \_\_\_\_\_ instruments  
(Debt Market, Money Market, Derivative Market)



Q.1 B) State whether the following statements are True or false: (any 7)

(7)

1. A merchant bank cannot undertake banking business.
2. Right shares are issued to the general public.
3. Merchant banker plays a lead role in issue management.
4. Invitation to the public to invest in shares or debentures of a company is through the prospectus.
5. 'SEBI is the watchdog of securities market'.
6. Global Depository Receipt is a general term for a depository receipt that consists of shares from a Indian company.
7. Listing of securities with regional stock exchange is compulsory.
8. Fixed price method provides an opportunity to discover the price for securities on the basis of bidding.
9. FCCB is a hybrid instrument.
10. Convertible bonds give the option to the investor to convert it to equity shares.

Q.2) A) Define Merchant banking .Explain the various services offered by merchant bank?

(8)

B) List out the code of conduct of merchant bankers.

(7)

OR

C) State and explain the difference between the commercial bank and merchant bank.

(8)

D) What are functions of merchant banker related to issue management?

(7)

Q.3) A) List out the SEBI guidelines for IPO process

(8)

B) Explain the process of IPO in India.

(7)

OR

C) What is Book Building? Explain the Book Building process in brief.

(8)

D) What is the role of registrar in IPO issue

(7)

Q.4) A) What are ADRs? Explain in detail the advantages and disadvantages of ADRs.

(15)

OR

B) What are IDRs? Discuss the conditions and issue procedure of IDRs in Details.

(15)

Q.5 A) What is debenture issue and explain the procedure for the issue of debenture?

(8)

B) What are FCCBs? Explain its features.

(7)

OR

Q.5 Short Notes: (any 3)

(15)

1. Objectives of Merchant Banking
2. Types of issue
3. Offer Document
4. European Depository receipt.
5. Procedure for issue of bond





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EXTERNAL EXAM MARCH, 2023

PROGRAM: BFM	SEMESTER: IV
CLASS: S.Y. BFM	COURSE/ SUBJECT: BUSINESS LAW
MARKS: 75	TIME: 2 Hours and 30 Minutes.

Note: 1) All questions are compulsory carrying 15 marks each

2) Figures to the right indicate full marks

**Q.1. (A) State statements are true or false: (Any 8)**

(8)

1. DIN is granted by Registrar of Companies.
2. Dormant partner does not take part in day-to-day activities of the firm.
3. In case of foreign company place of business is outside India.
4. Registration of LLP is granted by Central Government.
5. A copyright is granted for 6 types of work.
6. LLP must have atleast one Designated Partner as individual.
7. An application for recognition of stock exchange is made to Central Government.
8. Chairman of SEBI is appointed by RBI.
9. Prospectus is offer to selected group of persons.
10. In partnership at will, the partners conduct business as per their will.

**(B). Match the Column: (Any 7)**

(7)

Column A	Column B
1. MOA	a. contains salient features of prospectus
2. Woman Director	b. helps to advertise the product
3. Patent	c. securities related to future contract
4. LLP	d. object & purpose of company
5. Co-Owners	e. must have industrial applicability
6. Option	f. conversion of NPA to ARC
7. Trademark	g. compulsory for Listed Company
8. SARFAESI Act	h. recognition of Stock Exchange
9. Abridged Prospectus	i. do not have mutual agency relationship
10. SCR Act	j. must be registered



Q.2. (A) Define a Company. What are the features of Company? Also explain the concept of Independent Corporate Personality with case laws? (15)

OR

(B) What is MOA? What are the various clauses of MOA? (8)

(C) Explain the doctrine of Indoor management? (7)

Q.3. (A) What are the legal requirements of a Prospectus? (8)

(B) What are the different ways of acquiring membership of a Company? (7)

OR

(C) What is IPR? What are the various forms of IPR and its importance? (15)

Q.4. (A) What is Dissolution of partnership? Explain the various modes of Dissolution of partnership? (15)

OR

(B) What are the characteristics of LLP? (8)

(C) Distinguish between LLP & Partnership. (7)

Q.5. (A) Explain the procedure for recognition of stock exchange. (8)

(B) What are the functions of SEBI? (7)

OR

Q.5. Short Notes: (Any 3): (15)

1. Objectives of SARFAESI Act

2. DIN

3. Trademark

4. One Person Company

5. Advantages of LLP





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EXTERNAL EXAM MARCH, 2023

PROGRAM: BFM	SEMESTER: IV
CLASS: S.Y.BFM	COURSE/ SUBJECT: FC (FOREIGN EXCHANGE)
MARKS: 75	TIME: 2Hours and 30 Minutes.

NOTE: 1. All questions are compulsory.

2. Figures are right to indicate full marks.

Q1) Fill in the blanks with appropriate options (Any 8)

(8)

1. \_\_\_\_\_ Transaction is considered as a mechanism of foreign exchange transaction.  
(Spot, future, forward)
2. Normally the BOP covers a period of \_\_\_\_\_.  
(Three years, one year, five years)
3. NSE commenced trading in future on individual securities on November 9, \_\_\_\_\_.  
(2001, 2003, 2000)
4. In \_\_\_\_\_ the pound had to be devalued because of speculation.  
(1947, 1948, 1949)
5. Real exchange rate is the ratio of domestic price indices between \_\_\_\_\_ countries.  
(Three, two, size)
6. \_\_\_\_\_ is one of the most important factor that affects the exchange rate.  
(Inflation, inspection, interest)
7. Tarapore committee was appointed on \_\_\_\_\_.  
(Bank regulations, capital account convertibility, none of the above)
8. Foreign exchange market is an OTC market without any \_\_\_\_\_ clearing house.  
(Decentralized, organized, centralized)
9. A \_\_\_\_\_ is our account of their money, held by you.  
(Nostro, Vostro, Loro)
10. The retail market consists of exchange of \_\_\_\_\_.  
(Currency, bank notes, all of the above)

B) Write true and false.

(Any 7)

(7)

1. Forward cover can be used to hedge purchases as well as sales.
2. Purchasing power parity theory is based on the concept of "Law of various prices".
3. Future contract highly liquid market.
4. The monetary authorities generally adopt the policy of learning against the wind.
5. Exchange rate is an important instrument of fiscal policy.
6. Inflation and interest rate are not correlated.
7. Capital account convertibility is also called as partial rupee convertibility.
8. RBI has sanctioned three different categories of speculators.



27/3/23

9. Theoretically a low inflation rate scenario will show a rising currency rate.

10. The US dollar is the most common currency used for pegging.

**Q2) Answer the following questions in brief** (15)

A) Write Types of foreign market participants. (8)

B) Explain Role of foreign exchange dealers in forex market. (7)

**OR**

C) Explain in detail gold standard system with advantage and disadvantage. (8)

D) Explain factors determine foreign exchange rate. (7)

**Q3) Answer the following questions in brief** (15)

A) Write objective, Scope & features of FEMA. (8)

B) Write difference between FEMA & FERA? (7)

**OR**

C) Write advantage and disadvantage of currency convertibility. (8)

D) Calculate the forward buying and selling rates from the following information. (7)

Interbank spot dollar rupee rate 1 = Rs. 48.6000/48.9000

a. one month	1000/1100
b. two month	1200/1300
c. three month	1400/1500
d. Four month	1550/1600

**Q4) Answer the following questions in brief** (15)

A) Find out Inverse quotation GBP 1 = USD 1.6549/600 (8)

B) Complete the following table? (7)

Base	Variable	bid	Ask	Mean rate	spread	% Spread
GBP	INR	98.1234	98.4567	?	?	?

**OR**

C) Write advantage and disadvantage of future contract. (8)

D) Explain in detail Foreign Exchange Dealers association(FADAI) roles in forex. (7)

**Q5) A. Write drawbacks of purchase parity theory.** (8)

**B. Write advantages of free floating rate.** (7)

**OR**

**Q5) Write short notes ( Any 3 )** (15)

1. NASTRO VASTRO & LORO Account

2. Forex Trading and SWIFT

3. Types of forex Dealing

4. Fixed Exchange rate

5. Features of Bretton woods system





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EXTERNAL EXAM MARCH, 2023

PROGRAM: BFM	SEMESTER: IV
CLASS: S.Y.BFM	COURSE/ SUBJECT: PERSONAL FINANCIAL PLANING
MARKS: 75	TIME: 2Hours and 30 Minutes.

NOTE: 1. All questions are compulsory.

2. Figures are right to indicate full marks.

Q1) Fill in the blanks with appropriate options (Any 8)

(8)

1. Personal finance is a \_\_\_\_\_ which an individual or a family unit performs to budget, save and spend monetary resources over time.  
a. Financial Management      b. Personal Management      c. Corporate Management      d. Management Accounting
2. Under \_\_\_\_\_ motive, the need to hold cash arises for meeting unforeseen contingencies.  
a. Speculative      b. Precautionary      c. Contingency      d. Transaction
3. Which of the following is not an advantage of Budgeting?  
a. Profitability review      b. Planning orientation      c. Rigidity      d. Bottleneck analysis
4. The Effective Annual Rate for monthly compounding periods using a stated annual rate of 12% is \_\_\_\_\_.  
a. 1.236%      b. 0.3126      c. 10.99%      d. 12.68%
5. Mrs. Paranikar invested ₹ 1,00,000 in mutual fund scheme. After four years she sold it for ₹ 1,35,000. The CAGR is \_\_\_\_\_.  
a. 7.79%      b. 12.39%      c. 4.49%      d. 14.69%
6. Assets = \_\_\_\_\_ + Stockholder's equity  
a. Liabilities      b. fixed assets      c. Current Assets      d. Debt Fund
7. If the Net Profit is ₹ 1,50,000 and the Preference Dividend is ₹ 50,000, the Earnings per share for 10,000 outstanding shares will be \_\_\_\_\_.  
a. ₹ 100      b. ₹ 10      c. 0.55%      d. ₹ 150
8. Parameter for deciding on investment options is \_\_\_\_\_.  
a. Reputation of the company      b. Diversified Portfolio      c. Post Tax Return      d. None of these
9. Effective rate of return considers \_\_\_\_\_ interest.  
a. Simple      b. Inflationary      c. Compounding      d. Exponential
10. IRR is the rate of return at which NPV is \_\_\_\_\_.  
a. Zero      b. Negative      c. Maximum      d. Minimum

(B) State whether the following statements are True or False (any 7)

(7)

1. Value investors actively seek stocks they believe the market has overvalued.
2. Evaluation of investment alternatives is not required while preparing the financial plan.
3. Government securities are Marketable assets.
4. Basic Liquid Ratio = Cash and near Cash values / Monthly Expenses.
5. A statement of Cash Flows shows the movement in the savings account of a company.
6. Budgeting and Forecasting are same concept with different names.
7. Estate Planning involves planning for the disposition of assets after death.



8. Determining current financial position of the client is not required while preparing financial plan.
9. Ratio analysis is a quantitative analysis of financial statements.
10. For Type D Investor, risk means possibilities.

**Q.2)A) What is Portfolio Management? Explain in detail the various Investment Alternatives available in India.**

(15)

OR

(B) What do you understand by Personal Financial Planning? What according to you should be the principles governing the Personal Financial Planning?

(07)

(C) Describe Income and Expenditure Statement. Draw up a hypothetical format of the same.

(08)

**Q.3)A) M/s Veena Ltd., has approached you to look in the matter whether they would require overdraft facility. You are required to assist them in preparing a Cash Budget for the six-month period ending on 31<sup>st</sup> December 2022 and advise them.**

The following information has been extracted from their books of accounts;

Month	Turnover	Purchases
April	1,80,000	99,000
May	75,000	37,500
June	75,000	37,500
July	1,50,000	52,500
August	2,25,000	3,67,500
September	3,00,000	1,27,500
October	1,50,000	97,500
November	1,50,000	67,500
December	1,37,500	99,000

Further Information;

1. Payment for the materials is made in the following month of purchases.
2. There was a payment towards research expenditure which was made in October 2022 for ₹ 75,000. This expenditure was allowed as a deduction as per Income Tax Act. 1961.
3. Preliminary Expenses were written off worth ₹ 24,000 in the month of December 2022.
4. Wages of ₹ 11,250, Lease payments of ₹ 3,750 and Administrative Expenses of ₹ 1,150 are paid every month on regular basis.
5. Opening balance as on 1<sup>st</sup> June 2022 stands at ₹ 75,000.
6. Collection estimates are 5% within the month of sales, 80% during the month following the sales and remaining during the second month following the sales.
7. Advance Tax payment of ₹ 26,250 was made in the month of September 2022 and December 2022.

(15)

OR

(B) M/s White Ltd. Has presented its financial information for the year ended March 2023 as follows: Income Statement for the year ended 31<sup>st</sup> March 2023

Particulars	Amount
Net Sales	1,02,00,000
Cost of Goods Sold	79,20,000
Selling and Administration Expenses	15,45,600
Net Profit before Tax	7,34,400



Balance Sheet as at 31<sup>st</sup> March 2023

Liabilities	Amount	Assets	Amount
Equity Shares @ ₹10/ share	12,00,000	Plant and Machinery	18,60,000
Reserves and Surplus	8,00,000	Furniture and Fixtures	10,00,000
10% Debentures	22,70,000	Inventory	19,80,000
Sundry Creditors	10,00,000	Sundry Debtors	16,50,000
Outstanding Expenses	13,50,000	Bank	1,30,000
	66,20,000		66,20,000

- Tax Rate is 30%
- Company has declared dividend @ 25%
- Market Price per share ₹ 50

You are required to calculate Earnings Per Share, Return on Capital Employed, Dividend Payout Ratio, Price Earning Ratio, Dividend Yield Ratio and Gross Profit Ratio. (08)

(C) Mr. Singhvi purchased 2,500 shares of JK Ltd for ₹ 20 per share (Face Value being ₹ 5 per share) and paid brokerage @ 2% on 1<sup>st</sup> January 2019. The company paid dividend @ 50% each year. He sold all his holdings for ₹ 25 each on 1<sup>st</sup> January 2021 and paid brokerage of ₹ 1,200. Calculate the Holding Period Returns and Annualised Return for Mr. Singhvi. (07)

Q.4) (A) A deposit of ₹ 10,000 is made to earn an interest @ 12% p.a. Find out the future value at the end of one year of this deposit if the compounding period is (07)

- Monthly
- Quarterly
- Semi-annually
- Annually

(B) From the following details, prepare the loan amortization schedule

- Loan Amount in consideration ₹ 1,750 lakhs
- Interest rate of 9% p.a
- Principal amount of loan is repayable equally along with interest payable on outstanding loans at the end of each period.
- Repayment period is five years. (08)

OR

(C) A company is considering two mutually exclusive projects. The finance director considers that the project with higher NPV should be chosen, whereas the managing director thinks that one with the higher rate of return should be considered. Both the projects have got a useful life of five years and the cost of capital is 10%. The initial outlay is ₹ 2,00,000 for each project. The future cash flows for both the projects are as follows;

Year	Cash-Inflow for Project A	Cash-Inflow for Project B	PV Factor @ 10%	PV factor @ 20%
1	35,000	1,18,000	0.9090	0.8333
2	80,000	60,000	0.8264	0.6944
3	90,000	40,000	0.7513	0.5787
4	75,000	14,000	0.6830	0.4822
5	20,000	13,000	0.6209	0.4018

You are required to evaluate the project based on Internal Rate of Return and explain the inconsistency if any, in the ranking of the project. (15)

Q.5) (A) Distinguish between Budgeting and Forecasting. (07)

(B) State and explain some common drawbacks in Investing. (08)

OR

Q.5) Write Short Notes on any three of the following; (15)

- Personal Balance Sheet and Network
- Behavioral Finance
- Portfolio Management
- Nominal Rate of Return
- Objectives of Investment





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DEPARTMENT: BFM	SEMESTER: IV
CLASS: SYBFM	SUBJECT: CORPORATE FINANCE
MARKS: 75	TIME: 2:30 HOURS

**Q.1 A) Multiple choice questions (Any 8) (08)**

- \_\_\_\_\_ is a systematic activity concerned with acquiring funds from various sources.  
(Corporate finance, Capital budgeting, cost of capital)
- Contribution = sales \* \_\_\_\_\_ (Variable Cost, Profit volume ratio, Breakeven point)
- \_\_\_\_\_ preference shares are entitled to participate in the surplus profits of the company. (Cumulative, participating, non- participating)
- \_\_\_\_\_ term finance is available for a period of more than one year upto 3 years.  
(Short, long, medium)
- If Return on investment is 12% and total funds employed is Rs. 240000 then EBIT will be Rs. \_\_\_\_\_ (200000, 240000, 28800)
- Present value of inflow ÷ Present Value of outflow = \_\_\_\_\_  
(Net present value, Profitability Index, None of these)
- If inflow is Rs. 80000, Depreciation is Rs. 20000 and tax rate is 50% then Profits before tax will be Rs. \_\_\_\_\_ (80000, 120000, 60000)
- Payback period method shows the time within which \_\_\_\_\_ can be recovered.  
(Initial investment, working capital, scrap value)
- \_\_\_\_\_ share has more risk. (Equity, Preference, deferred)
- If NPAT are Rs. 12000, Rs. 16000, Rs. 19000 and Rs. 13000 then average NPAT will be Rs. \_\_\_\_\_ ( 60000, 15000, 30000)

**Q.1 B) Rewrite the following statements and state whether they are true or false (any 7)(07)**

- 1) In an under capitalised situation a firm can easily maintain large secret reserves
- 2) At Optimal capital structure the cost of capital is least
- 3) Direct Costing is also termed as marginal costing
- 4) If income tax rate is 35% than post tax profit is 65% of pre tax profit
- 5) Capital expenditure decisions are also known as capital budgeting
- 6) Preference Share Capital has a fixed rate of interest
- 7) Cost of equity is zero
- 8) Capital budgeting refers to mix of company debt & equity
- 9) NPV is the rate of return that a project generates
- 10) Share Capital is not a source of long term finance.

**Q.2 A) Following Data is extracted from the books of BAF Ltd (15)**

Year	Sales (Rs)	Profit (Rs)
2019	5,00,000	50,000
2020	7,50,000	1,00,000

Calculate the following

- 1) P/V Ratio
- 2) Fixed Cost
- 3) Break Even Sales
- 4) Sales to earn a profit of Rs 1,25,000
- 5) Profit/Loss at a sale of Rs. 3,00,000

OR

**Q.2 B)** BBI Ltd. has prepared the following estimates for the year 2019-20: Sales 75000 units, Selling price Rs. 12 p.u., Fixed expenses Rs. 72000, variable cost Rs. 9 p.u.  
Find PV ratio, BEP in Rupees and Margin of safety (in Rupees only).



(15)

Recalculate the above in each of the following cases:

- A) Selling price increases by 25%.
- B) Increase in variable cost by 20%
- C) Increase in fixed cost by Rs.36000
- D) Increase in sales volume by 12500 units

Q. 3 A) BFM Ltd. has the following capital structure as on 31/3/19: 10% Debentures Rs.30 lacs, 9% Preference share capital Rs.20 lacs, Equity share capital (Face Value Rs.100 each) Rs.50 lacs. The equity shares are quoted at Rs.120 and the company expects to declare a dividend of Rs.9 per share for the year. You are required to: (15)

- a) Calculate composite cost of capital. (Tax rate 30%)
- b) Assume that the company can raise additional Rs.20 lacs by way of 11% term loan. Calculate the revised composite cost of capital. But this will result in increase in the rate of dividend to Rs.10 and reduction in the market price by Rs.5 per share..

OR

Q. 3 B) BMM Ltd. has 25000 equity shares of Rs. 100 each. The company is contemplating to raise Rs. 20 lakhs to finance its major expansion program and has the following options: (15)

- a) Entirely through the issue of equity shares of Rs. 100 each.
- b) Rs. 10 Lakhs through Equity Shares & Rs. 10 lakhs through 8% Debentures.
- c) Rs. 5 Lakhs through Equity Shares & Rs. 15 lakhs through 10% Debentures.
- d) Rs. 10 Lakhs through Equity Shares & Rs. 10 lakhs through 7% Preference Shares.

The company expects its earnings before interest and tax to be Rs. 8 lakhs. Assuming corporate tax rate to be 30%. Determine the EPS and advise the company as to the plan they should select.

Q.4 A) Determine the PayBack Period from the following data of two machine A & B (15)

Particulars	Machine A	Machine B
Cost	225000	225000
Estimated Life	5 Years	5 Years
Salvage Value	Rs 12000	Rs 12000
Annual estimated income after depreciation & tax		
1 <sup>st</sup> Year	Rs 13500	Rs 45500
2 <sup>nd</sup> Year	Rs 21500	Rs 37500
3 <sup>rd</sup> Year	Rs 29500	Rs 29500
4 <sup>th</sup> Year	Rs 37500	Rs 21500
5 <sup>th</sup> Year	Rs 45500	Rs 13500

Depreciation has been charged on Straight line method.

OR

Q.4 B) BIM Ltd. is considering a purchase of Machine X & Y are the two machines available. From the following information suggest which of the two is recommended under

A) ARR B) Profitability Index Method

Particulars	Machine X	Machine Y
Cost	800000	1120000
Estimated Life	5 Years	7 Years
Profit after Tax		
1 <sup>st</sup> Year	24000	20000
2 <sup>nd</sup> Year	24000	80000
3 <sup>rd</sup> Year	84000	80000
4 <sup>th</sup> Year	48000	40000
5 <sup>th</sup> Year	24000	20000
6 <sup>th</sup> Year	*****	20000
7 <sup>th</sup> Year	*****	20000

- 1) Profit is calculated after deducting straight line depreciation & tax.
- 2) The cost of Capital is 10%
- 3) The PVF at 10% for above years are 0.909, 0.826, 0.751, 0.683, 0.621, 0.564, & 0.513.



4) Depreciation for both machine X & Y Rs 160000.

(15)

Q.5 A) Explain different types of long term sources of finance.

(18)

Q.5 B) What is corporate finance ? Explain its Features?

(17)

OR.

Q.5 C) Write Short notes (Any 3)

(15)

1. Types of Preference Shares
2. Marginal Costing
3. BEP
4. Under capitalisation
5. Scope of Finance Management





**PRAHLADRAI DALMIA LIONS COLLEGE  
OF COMMERCE & ECONOMICS**

ISO 9001: 2015 Certified

EXTERNAL EXAM, MARCH 2025

PROGRAM: BEM	SEMESTER: IV	DATE
CLASS: SYBEM	COURSE/ SUBJECT: BUSINESS ECONOMICS-SET I	
MARKS: 75	TIME: 2 Hours and 30 Minutes	

NOTE: 1. All questions are compulsory

2. Figures to the right indicate marks

**Q.1.A Choose the correct answer. (ATTEMPT ANY 8)**

(8)

- 1) FRBM Act was passed in year \_\_\_\_\_  
a) 2000                      b) 2003                      c) 2013
- 2) Subsidies are \_\_\_\_\_ to the circular flow.  
a) Leakage                      b) Loss                      c) Injection
- 3) In effective demand ADF is \_\_\_\_\_ ASF.  
a) More than                      b) Less than                      c) Equal to
- 4) Term supply of money is \_\_\_\_\_ money supply.  
a) Different than                      b) Same as                      c) equivalent to
- 5) Fisher is a \_\_\_\_\_ economist.  
a) Modern                      b) Keynesian                      c) Classical
- 6) Trough is \_\_\_\_\_ point in trade cycle.  
a) Upper turning                      b) Lower turning                      c) Highest
- 7) When receipts are more than expenditure, a country is said to have a \_\_\_\_\_.  
a) Balanced Budget                      b) Deficit Budget                      c) Surplus Budget
- 8) GST is \_\_\_\_\_ revenue for the government.  
a) Direct tax                      b) Non tax                      c) Indirect tax
- 9) Net Barter Terms of Trade refer to ratio of \_\_\_\_\_.  
a) Quantity of export to quantity of import  
b) Export price to import price  
c) Quantity of import to price of export.
- 10) The term Macro has been derived from \_\_\_\_\_ word Makros.  
a) Greek                      b) Latin                      c) German

**Q.1.B State whether following statements are true or false. (ATTEMPT ANY 7)**

(7)

1. According to psychological law of consumption, as the income rises, consumption rises at an increasing rate.
2.  $M1 = C + DD + OD$ .
3. Progressive system of taxation helps to reduce inflation.
4. Inflation is found only in developed countries.
5. Higher the income, higher the savings.
6. Trade cycles are static in nature.
7. The concept of investment multiplier has been given by R.F. Khan.
8. The term budget is derived from a French word 'Budgette'.
9. Public goods are non-excludable.
10. Keynesian economics is a short run economics.

**Q.2. a) Discuss the meaning and phases of trade cycle.**

(8)

**b) Explain the concept of multiplier and elaborate working of a multiplier.**

(7)

**OR**

**c) What is meant by effective demand? Explain the concept of ASF with diagram.**

(8)

**d) Explain the circular flow of national income in 4 sector open economy.**

(7)



- Q.3. a) Elaborate what is money supply. Explain its determinants in detail. (8)  
b) Explain the concept of inflation. Explain various causes of inflation. (7)

**OR**

- c) What is meant by velocity of circulation of money? Explain its factors in detail. (8)  
d) Discuss in detail the liquidity preference theory in detail. (7)

- Q.4. a) What is meant by indirect tax? Explain its merits and demerits. (8)  
b) Define public debt. Explain types of public debt. (7)

**OR**

- c) Explain the causes of increasing public expenditure. (8)  
d) Explain the recommendation of FRBM Act. (7)

- Q.5. a) Explain the comparative cost advantage theory of international trade. (8)  
b) Explain factors affecting Gains from trade. (7)

**OR**

Write short notes on (ANY 3): (15)

- a) Sound Finance
- b) Advantages of Free Trade
- c) Types of deficit
- d) Green GDP & GNP
- e) Hedging, Speculation and Arbitrage