Register Number:

DATE:



**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**UG – IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

(Examination conducted in July-August 2022)

**BC 4218: Financial Market and Services**

**TIME: 21/2 Hour MAX. MARKS: 70Marks**

**This paper contains \_\_\_\_\_ printed pages and four parts**

**SECTION A**

**Answer any FIVE of the following questions. Each question carries one mark. (2x5=10)**

1. What is Sensex and Nifty?
2. Define factoring
3. Who is a Jobber?
4. Give the meaning of AMC
5. What is meant by insider trading?
6. What are depositories?

**SECTION B**

**Answer any THREE of the following questions. Each question carries five marks. (5x3=15)**

1. Explain the various types of speculators in the stock market
2. Differentiate between ADR and GDR.
3. What is credit rating? Explain its process.
4. Explain the various regulations governing FDI in India?

**SECTION C**

**Answer any TWO of the following questions. Each question carries ten marks. (15x2=30)**

1. Briefly summarize various mutual funds schemes available for investors in India
2. Why do company issue shares? Highlight and explain the important functions of stock exchanges in India.
3. Is FDI Boon or bane for India? Discuss in the context of various regulations governing FDI in India?

**BC4218-A-22**

**SECTION D**

**Answer the following compulsory question. The question carries 10 marks. (15x1=15)**

1. The much-awaited initial public offering (IPO) of life insurance sector giant [Life Insurance Corporation of India (LIC)](https://indianexpress.com/article/explained/after-revised-pricing-should-you-invest-in-lics-ipo-7892264/) opened for subscription on Wednesday, May 4, 2022.The over Rs 21,000 crore LIC IPO was available for subscription till Monday, May 9, 2022, and the price band of the company had been fixed at Rs 902-949 per share. LIC is the country’s oldest and largest life insurance firm. It was formed by merging and nationalising 245 private life insurance companies on September 1, 1956, with an initial capital of Rs 5 crore. LIC now manages around Rs 40 lakh crore assets and is the fifth-largest life insurer globally and the largest asset manager in the country. As of December 31, 2021, it covered 91 per cent of all districts and had 1.33 million individual agents, and had a market share of 61.6 per cent in terms of premiums or GWP, 61.4 per cent in terms of New Business Premium, 71.8 per cent in terms of number of individual policies issued, and 88.8 per cent in terms of number of group policies. It is owned by the central government which will sell 22.13 crore (22,13,74,920) shares or 3.5 per cent of its stake in LIC through the public offering. The IPO is entirely an offer-for-sale (OFS) and the government plans on raising over Rs 21,000 crore through the sale.

The size of the IPO was cut from Rs 65,000 crore to Rs 21,000 crore as the Russian invasion of [Ukraine](https://indianexpress.com/article/explained/everyday-explainers/russia-invasion-ukraine-history-creation-explained-7791147/) and sustained selling by foreign portfolio investors (a net of Rs 1,48,078 crore since the beginning of December 2021) affected the stock markets. Despite this, LIC IPO will be the largest public offer in the country surpassing last year’s [Paytm IPO](https://indianexpress.com/article/business/market/paytm-ipo-everything-you-need-to-know-7612155/) which garnered Rs 18,300 crore.

During the announcement of the IPO, the company announced a discount of Rs 60 per share for its policyholders and Rs 45 per share for retail investors and LIC employees. Half of the issue size has been reserved for qualified institutional buyers (QIBs), 35 per cent for retail investors and the remaining 15 per cent for non-institutional investors. Investors who wish to subscribe to LIC IPO can bid in a lot of 15 equity shares and multiples thereafter. At the upper price band, they will be shelling out Rs 14,235 (excluding discounts) to get a single lot of LIC. The shares will be listed on both BSE as well as the National Stock Exchange (NSE). Kotak Mahindra Capital Company, Axis Capital, BofA Securities India, Citigroup Global Markets India, Nomura Financial Advisory and Securities India, Goldman Sachs India Securities, ICICI Securities, JM Financial, JP Morgan India and SBI Capital Markets are the book running lead managers to the offer while KFin Technologies is the registrar of the issue. Before heading into the IPO, the anchor portion which subscription on Monday, May 2, 2022, got oversubscribed. The company, in an exchange filing on Tuesday, said that it raised over Rs 5,627 crore led by domestic institutions.

1. Mention the method of pricing an IPO? Explain the other pricing methods used in IPO? **(4 marks)**
2. Mention the name of BRLM on the above case? Explain their role in this IPO. **(4 marks)**
3. What is meant by cut off price? List out various categories of investors. **(2 marks)**
4. Briefly explain the role of lead managers in IPO **(5 marks)**

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