**NMIMS Global Access**

**School for Continuing Education (NGA-SCE)**

**Course: Financial Institutions and Markets**

**Internal Assignment Applicable for September 2020 Examination**

**1. Mr. Ravi Shankar wants to invest and trade in stock market. However, he is completely unfamiliar how to go about it. He approaches you, a wealth advisor in the bank Mr. Ravi Shankar has his savings account, to seek guidance on the various modes through which he can participate in the stock market and category of instruments that he can invest. Advise Ravi accordingly**.

**Answer**: **Various modes of participating in stock market**

**Invest through demat account**: This is the most common mode of investing in stock market. We can open a demat account with any stock broker and start trading online. We can track our investments, profits or loss anytime anywhere. Demat account is safe and convenient way to hold securities and it ensures immediate transfer of securities. With demat account, risks associated with physical certificates such as bad delivery, fake securities, delays, thefts, etc. are eliminated. The depository system reduces risks involved in holding physical certificates, e.g., loss, theft, mutilation, forgery, etc. It ensures transfer settlements and reduces delay in registration of shares. It ensures faster communication to investors. It helps avoid bad delivery problems due to signature differences, etc.

**Invest through mutual funds**: Another option of investing in stock market is through mutual funds. Mutual funds investment is considered as safe investment and less risky as compared to direct investment in shares.

**2. Ritesh has recently joined an investment management company and his is given the responsibility to look after the money market instruments. His manager in order to estimate his understanding of the market, asked him to prepare a report on the instruments of the market. Suggest which instruments of the financial market should be included in his report**.

**Answer**: **Money market**

It is the place where transactions take place over a short period of time. The period is normally up to one year and substitutes to money are used to denote any financial asset. This can be done quickly to convert substitutes into money with less transaction cost. Money market has become a component of the financial market for buying and selling of securities of short-term maturities, of one year or less, such as treasury bills and commercial papers. Over-the-counter trading is done in the money market and it is a wholesale process. It is used by the participants as a way of borrowing and lending for the short term.

Its sample only

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**3. ABC Corp. Limited is engaged in manufacturing garments in India since 1950. The company has been catering to the Indian market till now. As part of the company’s growth strategy, the company would like to extend the markets for its products to other countries. However, the company’s promoters lack awareness and expertise in understanding and managing the fluctuations related to foreign currency. Mr. Jiwan Kumar, the CFO of the company, has been asked to make a presentation to the board specifying the following:**

**a. Key economic parameters/developments that influence the movements in foreign currency.**

**b. Options available with ABC Corp. to manage/mitigate the forex risks**

**Answer**: a) **Key economic parameters/developments that influence the movements in foreign currency**

**Focus on the Demand-Supply Model**

**The demand factor**

At the most primary level, a change in the price of a currency will occur because of more or less demand for it. High demand signifies a higher price experience of the currency pair. Less demand signifies fall in the price of the currency pair. An increased demand for a currency suggests a strong