

**MBA**  
**(SEM-IV) THEORY EXAMINATION 2018-19**  
**FINANCIAL DERIVATIVES**

**Time: 3 Hours****Total Marks: 70****Note: 1.** Attempt all Sections. If require any missing data; then choose suitably.**SECTION A**

- 1. Attempt all questions in brief.** **2 x 7 = 14**
- a. What do you mean by 'OTC' trading?
  - b. What do you mean by "Underlying" ?
  - c. Define a forward contract.
  - d. What do you mean by NTDC Contracts?
  - e. Discuss the concept of American Style and European style of an option.
  - f. What is currency swap?
  - g. What are the various types of derivatives?

**SECTION B**

- 2. Attempt any three of the following:** **7 x 3 = 21**
- a. Clearly discuss the functions of futures market.
  - b. Clearly differentiate between forward contracts and futures Contracts.
  - c. Clearly explain the concept of call options and put options in detail.
  - d. Clearly discuss the Black Schole model.
  - e. What is an interest rate swap? Also discuss the features of an interest rate swap.

**SECTION C**

- 3. Attempt any one part of the following:** **7 x 1 = 7**
- (a) Clearly explain the concept of currently swap? What are the various types currency swap, clearly discuss?
  - (b) Clearly differentiate between options and futures.
- 4. Attempt any one part of the following:** **7 x 1 = 7**
- (a) What is Hedging? What are the various applications of hedging in case of forwards.
  - (b) Explain the concept of forward market transactions.
- 5. Attempt any one part of the following:** **7 x 1 = 7**
- (a) Clearly discuss the classification of forward contracts.
  - (b) How the hedging can be done in case of currency options? Justify your answer with a suitable example.
- 6. Attempt any one part of the following:** **7 x 1 = 7**
- (a) Clearly discuss the concept of cost –of –carry approach in relation to futures pricing.
  - (b) What do you mean by swaps? Also discuss the features of swaps.
- 7. Attempt any one part of the following:** **7 x 1 = 7**
- (a) What do you mean by Index options ? how the hedging and speculation can be done through Index options.
  - (b) Clearly write a note on Indian Derivates market.