

Time: 2 ½ Hours

Total Marks: 75

Note:

1. All questions are compulsory. (Subject to internal Choice)
2. Figures to the right indicate full marks.
3. Use of non-programmable calculator, is allowed and mobile phones are not allowed.
4. Support your answers with diagrams / illustrations, wherever necessary.

Q.1. [A] Choose the correct alternative: (Any 8)

[08]

- 1) _____ market helps to trade the goods on future basis
a) Derivatives b) Commodities c) Stock d) Capital
- 2) _____ helps trade in two different markets
a) Day b) Speculators c) Hedgers d) Arbitrageurs
- 3) _____ is a place where the buying and selling of securities takes place
a) Market b) Exchange c) Trading-Ring d) Warehouse
- 4) Buying and selling of shares is called as _____
a) Commodities b) Derivatives c) Trading d) Warrants
- 5) The investor who invest in the market to reduce the risk are called as _____
a) Hedgers b) Arbitrageurs c) Speculators d) Traders
- 6) Derivatives are based on _____ amount
a) Notional b) Actual c) Trading d) Specific
- 7) _____ are options dates with 1 year and above maturity
a) LEAPS b) Warrants c) Futures d) Forwards
- 8) Call options means an option to _____
a) Buy b) Sell c) Trade d) Encounter
- 9) Arbitrageur deals only when there is a _____
a) Loss b) Profit c) Benefit d) Growth
- 10) Futures are _____ in nature
a) Customised b) Valuable c) Safer d) Standardised

Q.1. [B] Match the column:- (Any 7)

[07]

	Column A		Column B
1	Forwards	A	Yet to expire
2	Futures	B	Regulatory Body
3	Baskets	C	Market Risk
4	Leaps	D	Indian Commodity exchange
5	SPAN	E	Multiple securities
6	Outstanding Interest	F	Risky
7	MCX	G	Counter Party Risk
8	CME	H	Equity schemes
9	OTC	I	Margin System
10	FMC	j	International commodity exchange

Q.2. Answer the following:

- [A] Explain the history & origin of derivatives market. [08]
 [B] What are the types of commodities? [07]

OR

- [C] What are the reasons for investing in derivatives? [08]
 [D] What are the participants under derivatives market in India [07]

Q.3. Answer the following:

- [A] Explain the various terms under futures contract. [08]
 [B] Explain concept of contango and backwardation. [07]

OR

- [C] The spot price of gold is ₹1,00,000, locker rent is ₹16,000 p.a. and insurance is ₹9,500 for six months, interest rate on borrowed funds is 12% p.a. Calculate the fair value of 3 months futures contract, compounded monthly. [08]
 [D] An investor took two position in futures market. He sold the 1 futures of Infosys stock. The futures price for ₹8,500. On the expiry the cash market price ₹8,000. He bought 2 futures of Jindal Steels at ₹20,500, on expiry the price was ₹22,000. Find the profit & loss for a lot size of 50 size in one contract. Also draw a payoff diagram for the same. [07]

Q.4. Answer the following:

- [A] Explain black & Scholes option pricing model [08]
 [B] Explain the terms under options? [07]

OR

- [C] The spot price of Silver is ₹9,500, locker rent is ₹1200 p.a. and insurance is ₹2,500 for six months, interest rate on borrowed funds is 10% p.a. Calculate the fair value of 3 months futures contract, compounded monthly. [08]
 [D] Riya shorts a call option of YST Ltd at an exercise price of ₹1000 with a premium of ₹30. Calculate the profit & loss for Riya if the spot price on expiry was ₹950,960,970,980,990,1000,1010,1020,1030,1040,1050. Also draw the payoff diagram. [07]

Q.5. Answer the following:

- [A] What are the different types of margins? [08]
 [B] Explain the meaning of securities and SEBI guidelines for commodities market. [07]

OR

- [C] Write Short Notes on: [Attempt any 3] [15]
 a) Binomial Option Pricing Model
 b) Types of settlement
 c) Difference between futures and options
 d) NSCCL
 e) Long & Short Hedge