

28/10/24

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