

Code: 9E00403a

MBA IV Semester Regular & Supplementary Examinations, July 2013

FINANCIAL DERIVATIVES

Time: 3 hours

Max Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Discuss the evolution and growth of derivative markets in India.
- 2 What are the various criticisms of derivatives?
- 3 Distinguish between a forward contract and a future contract.
- 4 (a) Determine the future price from the following data
Spot price = Rs 17,00,000
Cost – of – carry = 12% P.A
Carry period = 6 months
Use cost – of carry model.
(b) How to read future price quotes? Explain the various terms used in such quotes.
- 5 What do you mean by binomial option pricing model? What are the assumptions? Briefly discuss its important characteristics.
- 6 What are the various trading strategies involving options? Discuss.
- 7 (a) What are the three categories of cash flows in a currency swap?
(b) Why swaps are designed as long-term contracts?
- 8 What is a currency swap? What are the features? Discuss.
