

2023

Time - 3 hours

Full Marks - 80

Answer ALL questions.

Figures in the right hand margin indicate marks.

1. Define Derivative Contract ? What are its characteristics ? Discuss different types of derivative contracts with example. [16

OR

Answer the following questions : [8 × 2

- (a) Explain the process of risk management.
- (b) Write a brief note on Derivatives market in India.
2. Explicate the concept of Long Hedge, Short Hedge and Cross Hedge with Financial future contracts briefly. [16

OR

Answer the following questions : [8 × 2

- (a) Distinguish between forward contract and futures contract.
- (b) Discuss impact of future contract on price stabilization.

[2]

3. Elaborate 'Cost of Carry' model of valuation of forward / futures contracts with imaginary examples. [16]

OR

Answer the following questions : [8 × 2]

- (a) Write the crux of Purchasing Power Parity theory (PPP Theorem).
- (b) How currency futures are used to manage Foreign Exchange Risk (FOREX Risk) ?
4. Define Option Contract ? How it is different from futures contract ? Illustrate different types of option contract. [16]

OR

What is SWAP contract ? What are its features ? Express the use of interest rate swap and currency swap contract. [16]

5. Write an essay on regulatory Framework of futures and derivatives contract in major International market. [16]

OR

Decipher the commonly accepted methodology for accounting of derivative transactions in India. [16]