PCB3EB2 - Risk Management and Derivatives

P. Pages : 1 ||||| |||| ||| |||| **GUG/W/23/10708**

Time : Three Hours   * 5 8 7 2 *   Max. Marks : 70

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Notes : 1. Attempt **any five** questions.
2. All questions carry equal marks.

1.	Explain the risk-return relationship formulized by Harry Markowitz. In the efficient model. Explain how the optimum portfolio is determined, if the risk free securities are present.	**14**
2.	Evaluate the growth of derivatives market in India.	**14**
3.	Explain the Binomial model of valuing the options. How an investor can take benefit of difference between the fair value and market value of option.	**14**
4.	What do you mean by straddle? Is it possible to make profit irrespective of increase or decrease in price of the underlying asset.	**14**
5.	What is the rule of Foreign institutional investors in development of Indian Economy?	**14**
6.	Critically examine the relation between interest rate swaps and forward rate agreements.	**14**
7.	Briefly discuss about futures pricing-cost of carry model.	**14**
8.	Discuss the evolution and global scenario of credit derivatives.	**14**
9.	Explain in details criteria for Stocks and Index eligibility for Trading.	**14**
10.	Write a short note on **any two.**	**14**

      a) Clearing Mechanism.

      b) Terminologies used in Futures Market.

      c) Credit Linked Notes.

      d) Free Float Market Capitalization.

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