

**R4657**

**Sub. Code**

**25MBF2C1**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**RESEARCH METHODS AND BUSINESS ANALYTICS**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the following objective type questions by choosing the correct option.

1. Research conducted to solve an immediate practical problem is called (CO1, K1)
  - (a) Basic research
  - (b) Applied research
  - (c) Exploratory research
  - (d) Historical research
  
2. Plagiarism refers to (CO1, K1)
  - (a) Using ones own ideas repeatedly
  - (b) Copying others work without acknowledge
  - (c) Reviewing previous studies
  - (d) Editing research papers
  
3. Snowball sampling is mainly used when (CO2, K2)
  - (a) Population is finite
  - (b) Population is widely scattered
  - (c) Population is hidden or rare
  - (d) Sampling size is large

4. A good questionnaire should be (CO2, K2)  
(a) Lengthy (b) Ambiguous  
(c) Simple and clear (d) Technical
5. The main objective of tabulation is (CO3, K2)  
(a) Increase data volume  
(b) Simplify and summarise data  
(c) Collect primary data  
(d) Data reliability
6. Standard deviation is the square root of (CO3, K2)  
(a) Mean deviation  
(b) Co-efficient of variation  
(c) Variance  
(d) Correlation
7. Predictive analytics (CO4, K1)  
(a) Past performance  
(b) Future outcomes  
(c) Current operations  
(d) Data storage
8. Which of the following is an advantage of data visualization? (CO4, K1)  
(a) Increases data volume  
(b) Make data interpretation easier  
(c) Reduces data accuracy  
(d) Replaces statistical analysis
9. The first step in report writing is (CO5, K2)  
(a) Interpretation of data  
(b) Editing  
(c) Defining the purpose and scope  
(d) Presentation

10. Main advantage of diagrammatic presentation is (CO5, K2)
- (a) Takes more space
  - (b) Replace data analysis
  - (c) Save times and improves understanding
  - (d) Increasing complexity

**Part B** (5 × 5 = 25)

Answer **all** questions not more than 500 words each.

11. (a) Examine the objectives of research. (CO1, K3)
- Or
- (b) How do you identify a research gap. (CO1, K3)
12. (a) What is the necessity of defining a research problem? (CO2, K4)
- Or
- (b) Distinguish between systematic and stratified sampling. (CO2, K4)
13. (a) What are the uses of parametric test in testing hypothesis? (CO3, K5)
- Or
- (b) Explain the significance of data editing. (CO3, K5)
14. (a) Describe the different types of charts used in statistical analysis. (CO4, K4)
- Or
- (b) Outline the benefits of Big Data analytics for business firms. (CO4, K4)
15. (a) What are the contents of a research report? (CO5, K6)
- Or
- (b) Explain the features of research report. (CO5, K6)

**Part C**

(5 × 8 = 40)

Answer **all** questions not more than 1000 words each.

16. (a) Briefly describe the different steps involved in a Research Process. (CO1, K4)
- Or
- (b) Examine the concept and importance of research ethics. (CO1, K4)
17. (a) Discuss interview as a technique of data collection. (CO2, K5)
- Or
- (b) Enumerate the various sources of secondary data. (CO2, K5)
18. (a) When Median is preferred over mean to represent a set of values. Give examples. (CO3, K5)
- Or
- (b) Why correlation co-efficient is better than covariance as a measure of relationship between two variables? (CO3, K5)
19. (a) Describe the different types of business analytics with suitable examples. (CO4, K4)
- Or
- (b) Explain the concept of Big Data and its relevance to business decision making. (CO4, K4)
20. (a) “Report writing is more an art that hinges upon practice and experience”. Discuss. (CO5, K6)
- Or
- (b) Outline the layout of a research report covering all points. (CO5, K6)

**R4658**

**Sub. Code**

**25MBF2C2**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**MANAGERIAL ECONOMICS**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the following objective type questions by choosing the correct option.

1. Managerial Economics helps managers to (CO1, K1)
  - (a) Prepare financial statements
  - (b) Make rational business decision
  - (c) Frame Government policies
  - (d) Conduct audits
  
2. Demand curve slopes downwards because of (CO1, K1)
  - (a) The law of diminishing marginal utility
  - (b) The income effect
  - (c) Substitution effect
  - (d) All of these

3. Cost analysis helps management to (CO2, K2)
- (a) Increases taxes
  - (b) Control of reduce production cost
  - (c) Increase wages
  - (d) Determine national income
4. Diseconomies of scale lead to (CO2, K2)
- (a) Falling average cost
  - (b) Constant average cost
  - (c) Rising average cost
  - (d) Zero cost
5. A market with a single producer (CO3, K1)
- (a) Perfect competition
  - (b) Monopolistic competition
  - (c) Oligopoly
  - (d) Monopoly
6. Competitive pricing is mainly followed during (CO3, K1)
- (a) Introduction stage
  - (b) Growth stage
  - (c) Decline stage
  - (d) Pre-launch stage
7. Balance of payment is prepared for a period of (CO4, K1)
- (a) One year
  - (b) Two year
  - (c) Six month
  - (d) One month

8. GDP is an indicator of (CO4, K1)
- (a) Income inequality
  - (b) Poverty level
  - (c) Economic growth
  - (d) Price stability
9. Linear programming is a technique used to (CO5, K2)
- (a) Maximize uncertainty
  - (b) Solve non-linear problems
  - (c) Optimize allocation of scarce resources
  - (d) Measure national income
10. Inventory control models help in (CO5, K2)
- (a) Maximizing profit only
  - (b) Eliminating stock
  - (c) Determining optimum inventory level
  - (d) Increasing storage cost

**Part B**

(5 × 5 = 25)

Answer **all** the questions not more than 500 words each.

11. (a) Examine the significance of managerial economics. (CO1, K3)

Or

- (b) Illustrate the characteristics of demand. (CO1, K3)

12. (a) Outline the advantages of small scale production.  
(CO2, K4)

Or

- (b) Analyse the uses of production function in decision making.  
(CO2, K4)

13. (a) What are the features of perfect competition?  
(CO3, K5)

Or

- (b) Assess the causes of inflation.  
(CO3, K5)

14. (a) Compare the current account with the capital account.  
(CO4, K5)

Or

- (b) Evaluate the concepts of GNP and NNP. (CO4, K5)

15. (a) What are the assumptions of Linear programming.  
(CO5, K6)

Or

- (b) Find out the economic order quantity from the following particulars:  
(CO5, K6)

Annual usage : Rs. 1,20,000

Cost of placing and receiving one order : Rs. 60

Annual carrying cost = 10% of inventory value.

**Part C**

(5 × 8 = 40)

Answer **all** questions not more than 1000 words each.

16. (a) Analyse the relationship between managerial economics and decision making. (CO1, K4)

Or

- (b) Outline the various determinants of supply. (CO1, K4)

17. (a) Analyze the cost-output relationship between in the long run. (CO2, K4)

Or

- (b) Explain the factors hindering cost control in India. (CO2, K4)

18. (a) 'The demand curve under oligopoly in indeterminate'. Discuss. (CO3, K5)

Or

- (b) Evaluate the various methods of pricing. (CO3, K5)

19. (a) Explain the different kinds of disequilibrium in balance of payments. (CO4, K4)

Or

- (b) Analyse the important methods of measuring national income. (CO4, K4)

20. (a) Solve the following LPP by using simplex method:  
(CO5, K6)

$$\text{Maximise } z = 8x + 6y$$

$$\text{Subject to } 4x + 2y \leq 60$$

$$2x + 4y \leq 48$$

$$x, y \geq 0.$$

Or

- (b) A manufacturer has to supply his customer 600 units of his product per year. Storage is not allowed and the inventory carrying cost amounts to Re. 0.60 per unit a year. The set of cost per run is Rs. 80. Find out

- (i) EOQ;
- (ii) The optimum number of orders per year
- (iii) The optimum period of supply per optimum order.
- (iv) The minimum average yearly inventory cost.

(CO5, K6)

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**R4659**

**Sub. Code**

**25MBF2C3**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**FINANCIAL MANAGEMENT**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the questions by choosing the correct option.

1. The long run objective of Financial Management is to  
(CO1, K1)
  - (a) Maximize earning per share
  - (b) Maximize the value of firm's common stock
  - (c) Maximize return on investment
  - (d) Maximize market share
  
2. Process of calculating future value of money from present value is classified as  
(CO1, K1)
  - (a) Compounding
  - (b) Money value
  - (c) Discounting
  - (d) Stock value

3. The cheapest source of finance is (CO2, K2)
- (a) Debenture
  - (b) Equity capital
  - (c) Retained earnings
  - (d) Preference capital
4. EBIT is usually the same thing as (CO2, K2)
- (a) Funds provided by operations
  - (b) Earnings before taxes
  - (c) Net income
  - (d) Operating profit
5. Cost of capital is the \_\_\_\_\_ rate of return expected by the investors. (CO3, K2)
- (a) Minimum
  - (b) Maximum
  - (c) Expected
  - (d) Marginal
6. Operating leverage measures (CO3, K2)
- (a) Business risk
  - (b) Financial risk
  - (c) Both risks
  - (d) Production risk

7. The \_\_\_\_\_ method provides correct rankings of mutually projects when the firm is not subject to capital rationing. (CO4, K1)
- (a) NPV
  - (b) IRR
  - (c) Payback period
  - (d) PI
8. The security market line considers only. (CO4, K1)
- (a) the systematic risk
  - (b) borrowing
  - (c) borrowing and lending
  - (d) independent variables
9. Working capital management is managing (CO5, K2)
- (a) Long term assets
  - (b) Only short term assets
  - (c) Short term assets and liabilities
  - (d) Only long term liabilities
10. What is EOQ? (CO5, K2)
- (a) Cost of an order
  - (b) Cost of stock
  - (c) Reorder level
  - (d) Optimum order size

**Part B**

(5 × 5 = 25)

Answer **all** the questions not more than 500 words each.

11. (a) Examine the nature of financial management. (CO1, K3)

Or

- (b) Differentiate between profit maximization and wealth maximization. (CO1, K3)

12. (a) Illustrate the advantages of preference shares. (CO2, K4)

Or

- (b) Outline the essentials of an appropriate capital structure. (CO2, K4)

13. (a) Evaluate the significance of cost of capital. (CO3, K5)

Or

- (b) The capital structure of Bata Ltd. consists of equity share capital of Rs. 1,00,000 and 8% debentures of Rs. 50,000. The fixed costs are Rs. 10,000. You are required to calculate the operating and financial leverages when earnings before interest and tax is Rs. 20,000. (CO3, K5)

14. (a) What are the limitations of CAPM? (CO4, K4)

Or

- (b) A project cost Rs. 5,00,000 and yields annually a profit of Rs. 80,000 after depreciation at 12% p.a. but before tax 50%. Calculate payback period. (CO4, K4)

15. (a) From the following information, calculate :  
(CO5, K4)

(i) Maximum stock level

(ii) Minimum stock level

(iii) Re-order level.

Maximum consumption 240 units per day

Normal consumption 300 units per day

Maximum consumption 420 units per day

Reorder quantity 3600 units

Reorder period 10 to 15 days

Normal order period 12 days

Or

(b) What are the objectives of maintaining receivables?  
(CO5, K4)

**Part C**

(5 × 8 = 40)

Answer **all** the questions not more than 1000 words each.

16. (a) Analyse the major decisions involved in financial management.  
(CO1, K4)

Or

(b) Outline the technique of compounding. (CO1, K4)

17. (a) Classify the different sources of long term finance.  
(CO2, K4)

Or

(b) Companies U and L are identical in every respect except that U is unleveled while L has Rs. 20 lakh of 8% debt. EBIT of both firms is Rs. 6 lakh and tax rate is 35%. Equity capitalization rate for U is 10%.

Calculate the value of each firm according to MM approach and cost of equity for L Ltd.

(CO2, K4)

18. (a) Discuss the assumption and implication of Gordon's dividend model. (CO3, K5)

Or

- (b) A company was recently formed to manufacture a new product. It has the following capital structure : (CO3, K5)

	Rs.
(i) 9% Debentures	10,00,000
(ii) 7% Preference shares	4,00,000
(iii) Equity shares (48,000 shares)	16,00,000
(iv) Retained earnings	10,00,000
	<hr/>
	40,00,000

The market price of equity share is Rs. 80. A dividend of Rs. 8 per share is proposed.

The company has marginal tax rate of 50% and shareholder's individual tax rate is 25%. Compute after tax weighted average cost of capital of the company.

19. (a) Project X initially cost Rs. 25,000. It generates the following cash inflows : (CO4, K6)

Year	Cash inflows	Present value of Re. 1 at 10%
1	Rs. 9,000	0.909
2	Rs. 8,000	0.826
3	Rs. 7,000	0.751
4	Rs. 6,000	0.683
5	Rs. 5,000	0.621

Taking the cut-off rate as 10%, suggest whether the project should be accepted or not.

Or

- (b) Discuss the assumptions of CAPM. (CO4, K6)

20. (a) From the following projection of Tall and Short Ltd. you are required to work out the working capital required by the company. (CO5, K5)

	Rs.
Annual sales	7,20,000
Cost of production including depreciation of Rs. 60,000	6,00,000
Raw material purchases	3,52,500
Overheads per month	15,000
Anticipated opening stock of raw materials	70,000
Anticipated closing stock of raw materials	62,500
Inventory norms :	
Raw materials	2 months
Work in progress	½ month
Finished goods	1 month
Credit allowed to customers	1 month
Credit allowed by suppliers	15 days
Cash balance desired to be maintained	Rs. 10,000

The company received an advance of Rs. 15,000 on sales orders.

Or

- (b) Explain briefly the difference sources of working capital. (CO5, K5)

**R4660**

**Sub. Code**

**25MBF2E1**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**ELECTIVE : INSURANCE MANAGEMENT**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the following objective type questions by choosing the correct option.

1. The primary purpose of insurance is to : (CO1, K1)
  - (a) Make Profit
  - (b) Provide Employment
  - (c) Reduce Financial Risk
  - (d) Increase savings
  
2. Which of the following is not a function of insurance? (CO1, K1)
  - (a) Risk Sharing
  - (b) Speculation
  - (c) Loss Prevention
  - (d) Financial Security
  
3. Risk classification in life insurance is done mainly to : (CO2, K2)
  - (a) Fix Premium
  - (b) Increase Profit
  - (c) Reduce Expenses
  - (d) Promote Policies
  
4. If an insured hides material facts, which principle is violated? (CO2, K2)
  - (a) Insurable Interest
  - (b) Proximate Cause
  - (c) Indemnity
  - (d) Utmost Good Faith

5. Which of the following is not a type of fire insurance policy? (CO3, K1)
- (a) Valued Policy      (b) Floating Policy  
(c) Whole Life Policy   (d) Specific Policy
6. The Marine insurance Act, 1963 mainly helps to : (CO3, K1)
- (a) Fix Premium Rate  
(b) Control Marine Trade  
(c) Provide Legal Frame Work  
(d) Avoid Marin Losses
7. Social security mainly aims at : (CO4, K2)
- (a) Profit Maximization  
(b) Risk Elimination  
(c) Business Expansion  
(d) Economic protection of citizens.
8. Ayushman Bharat yojana is related to : (CO4, K2)
- (a) Life Insurance  
(b) Pension Plans  
(c) Health Insurance Coverage  
(d) Accident Insurance
9. Actuarial science mainly deals with the study of : (CO5, K1)
- (a) Marketing Strategies  
(b) Financial Risk and uncertainties  
(c) Industrial Production  
(d) Human Behaviour

10. When mortality rate decreases, the life insurance premium generally : (CO5, K1)
- (a) Increases (b) Decreases  
(c) Remains Constant (d) Becomes Zero

**Part B** (5 × 5 = 25)

Answer **all** questions not more than 500 words each.

11. (a) Examine the importance of insurance in reducing financial insecurity for individuals. (CO1, K3)
- Or
- (b) Show the different insurance distribution channels. (CO1, K3)
12. (a) Outline the features of life insurance. (CO2, K4)
- Or
- (b) Analyze the impact of sources of risk information on underwriting decisions. (CO2, K4)
13. (a) Measure the general conditions of fire insurance policy. (CO3, K5)
- Or
- (b) Decide the classification of vehicles for insurance purpose. (CO3, K5)
14. (a) Evaluate the objectives of social security schemes in India. (CO4, K4)
- Or
- (b) Illustrate the features of Pradhan Mantri Suraksha Bima Yojana scheme. (CO4, K4)
15. (a) Assess the sources of mortality data. (CO5, K5)
- Or
- (b) Justify how an increase in mortality rate would affect life insurance premium. (CO5, K5)

**Part C**

(5 × 8 = 40)

Answer **all** the questions not more than 1000 words each.

16. (a) Categorize the kinds of insurance. (CO1, K4)

Or

- (b) Infer whether insurance contracts adequately protect both the insurer and the insured. (CO1, K4)

17. (a) Evaluate the principles of life insurance. (CO2, K5)

Or

- (b) Judge the factors determining the settlement of life insurance claim. (CO2, K5)

18. (a) Design the usefulness of different types of fire insurance policies for business organizations. (CO3, K6)

Or

- (b) Create an integrated insurance solution covering fire, marine, motor and crop risks. (CO3, K6)

19. (a) Decide which Social Security scheme in India is most beneficial and explain the reason. (CO4, K5)

Or

- (b) Conclude the benefits of micro life insurance to the society. (CO4, K5)

20. (a) Classify the different laws of probability. (CO5, K4)

Or

- (b) Outline the steps involved in constructing a mortality table. (CO5, K4)

**R4661**

**Sub. Code**

**25MBF2E4**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**Elective : LEGAL AND REGULATORY ASPECTS  
OF BANKING**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the questions by choosing the correct answer.

1. Which institution acts as the Central Bank of India?  
(CO1, K1)
  - (a) SBI
  - (b) RBI
  - (c) NABARD
  - (d) SEBI
2. The Government acts as a \_\_\_\_\_ of banks. (CO1, K1)
  - (a) Customer
  - (b) Borrower
  - (c) Regulator
  - (d) Shareholder only
3. Paid-Up Capital and Reserves indicate a bank's :  
(CO2, K2)
  - (a) Financial Strength
  - (b) Marketing Strategy
  - (c) Loan Recovery Rate
  - (d) Loan Providing Rate
4. Mergers and acquisitions in banking usually. (CO2, K2)
  - (a) Weaken Financial Stability
  - (b) Reduce Customer Base
  - (c) Avoid Supervision
  - (d) Improve Operational Efficiency and Growth

5. RBI has the Power to issue \_\_\_\_\_ to banks. (CO3, K1)  
 (a) Directors (b) Shares  
 (c) Dividends (d) Bonus
6. Banking ombudsman is a scheme introduced to: (CO3, K1)  
 (a) Increase bank Profits  
 (b) Resolve Customer Complaints  
 (c) Provide Loans  
 (d) Manage Bank Employees
7. The Obligation of a banker to Keep Customer information Confidential is Known as: (CO4, K2)  
 (a) Right of Set-off (b) Garnishee Order  
 (c) Banker's Secrecy (d) Right of Appropriation
8. A Collecting banker acts as an agent of the (CO4, K2)  
 (a) RBI (b) Government  
 (c) Paying Banker (d) Customer
9. The Law of Limitation Primarily deals with (CO5, K1)  
 (a) Taxation Rules  
 (b) Time Limit for filling Suits  
 (c) Interest Calculation  
 (d) Foreign Exchange
10. Money Laundering refers to: (CO5, K1)  
 (a) Conversion of Illegal Money into Legitimate Money  
 (b) Legal Transfer of Fund  
 (c) Tax Collection  
 (d) Bank Lending

**Part B**

(5 × 5 = 25)

Answer **all** the questions not more than 500 words each.

11. (a) Apply the Function of RBI to explain how inflation can be Controlled. (CO1, K3)
- Or
- (b) Demonstrate how IRDAI ensures transparency in the insurance Sector. (CO1, K3)

12. (a) Categorize the Various forms of Shareholding Patterns in banks. (CO2, K4)

Or

- (b) Analyze the need for appointment of additional directors. (CO2, K4)

13. (a) Outline the Significance of Statutory Liquidity Ratio. (CO3, K4)

Or

- (b) How the banking ombudsman scheme protects the interests of bank customer. (CO3, K4)

14. (a) Select the need for the Negotiable Instruments Act. 1881 is regulating banking transactions. (CO4, K4)

Or

- (b) Examine the Precautions a paying banker Should take before making payment on a cheque. (CO4, K4)

15. (a) Justify whether the SARFAESI Act, 2002 provides Sufficient Power to banks. (CO5, K5)

Or

- (b) Choose the limitations of Debt Recovery Tribunals. (CO5, K5)

**Part C**

(5 × 8 = 40)

Answer **all** the questions not more than 1000 words each.

16. (a) Evaluate the role of SEBI in protecting investors. (CO1, K5)

Or

- (b) Assess the role of FSDC in Banking Regulation. (CO1, K5)

17. (a) Create a model policy for regulating shareholding Patterns in banks. (CO2, K6)

Or

- (b) Formulate a crisis management Strategy for banks facing financial distress to avoid winding up. (CO2, K6)

18. (a) Classify the Various Powers of the RBI in regulating the banking business. (CO3, K4)

Or

- (b) Analyze the importance of nomination facilities in banking operations. (CO3, K4)

19. (a) Judge the effectiveness of the banker's right of lien in protecting banks from loan defaults. (CO4, K5)

Or

- (b) Assess the Statutory protection give to collecting banker. (CO4, K5)

20. (a) Evaluate the importance of Law of Limitation in recovery of bank dues. (CO5, K4)

Or

- (b) Infer the role of Debt Recovery Tribunals in resolving bank loan defaults. (CO5, K4)

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**R4662**

**Sub. Code**

**25MBF2E7**

**M.B.A. DEGREE EXAMINATION, APRIL – 2026**

**Second Semester**

**Banking and Finance**

**Elective : FINANCIAL DERIVATIVES**

**(CBCS – 2025 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 1 = 10)

Answer **all** the following objective type questions by choosing the correct option.

1. The derivatives market mainly helps in (CO1, K1)
  - (a) Increasing Speculation
  - (b) Eliminating all risks
  - (c) Risk Management
  - (d) Controlling inflation.
2. Who regulates derivatives market exchanges in India? (CO1, K1)
  - (a) RBI
  - (b) IRDA
  - (c) Ministry of Finance
  - (d) SEBI
3. Forward Contract facility is available only for (CO2, K2)
  - (a) genuine trade transaction
  - (b) genuine foreign exchange exposure
  - (c) exporters
  - (d) traders in goods.

4. The marking to contract of a future contract is done (CO2, K2)
- (a) daily based on the opening price of the day.
  - (b) weekly, based on the opening price of the week.
  - (c) daily, based on the closing price for the previous day
  - (d) weekly, based on the closing price for the previous week
5. Both legs of swap will be executed \_\_\_\_\_ (CO3, K2)
- (a) at the same rate
  - (b) on the same rate
  - (c) at different rates
  - (d) at different rates on different dates
6. Currency swaps involve in the exchange of (CO3, K2)
- (a) Interest rates only
  - (b) Currencies only
  - (c) Principal and Interest in different currencies
  - (d) Equity Shares
7. The price paid by the option buyer to the seller is called (CO4, K1)
- (a) Margin
  - (b) Strike Price
  - (c) Premium
  - (d) Spot Price
8. Buying a put option is suitable when the investor expects the market to (CO4, K1)
- (a) Rise
  - (b) Fall
  - (c) Remain Stable
  - (d) Be risk free

9. Hedging is a technique used to (CO5, K2)
- (a) Increase speculation
  - (b) Eliminate all risks
  - (c) Reduce price risk
  - (d) Increase profits
10. Cross hedging is used when (CO5, K2)
- (a) Futures contract on same asset is available
  - (b) Spot and futures prices are equal
  - (c) Future Contract on a related asset is used
  - (d) Hedging is risk - free

**Part B**

(5 × 5 = 25)

Answer **all** questions not more than 500 words each.

11. (a) Classify the different types of financial derivatives. (CO1, K4)
- Or
- (b) Who are the major participants in the derivatives market? (CO1, K4)
12. (a) Outline the features of forward contract (CO2, K4)
- Or
- (b) Distinguish between future contract and forward contract (CO2, K4)
13. (a) Evaluate the features of swaps. (CO3, K5)
- Or
- (b) Assess the various risks associated with swaps. (CO3, K5)
14. (a) What makes options a unique financial derivative. (CO4, K3)
- Or
- (b) Provide a glossary of the terms relating to currency options. (CO4, K3)

15. (a) Compare the Hedging with speculation. (CO5, K5)  
Or  
(b) Evaluate the objectives of hedging. (CO5, K5)

**Part C** (5 × 8 = 40)

Answer **all** questions not more than 1000 words each.

16. (a) Illustrate the functions of derivatives market. (CO1, K4)  
Or  
(b) Classify examine the recent growth and transformation of global derivatives market. (CO1, K4)
17. (a) Classify the different types of forward contracts. (CO2, K4)  
Or  
(b) Analyse the need for margin for futures contract. (CO2, K4)
18. (a) Briefly Explain the current exchange control provisions relating to swaps. (CO3, K5)  
Or  
(b) Examine the significance of Interest rate risk to a business firm. (CO3, K5)
19. (a) Explain the circumstance under which option can be used for hedging. (CO4, K5)  
Or  
(b) Profile the pay-off of buyer and seller under call and put option. (CO4, K5)
20. (a) Evaluate futures as a hedging instrument. (CO5, K5)  
Or  
(b) Explain the concept of stock index futures trading in the Indian Stock Market. (CO5, K5)