



**PV-161100080405** Seat No. \_\_\_\_\_

**M. B. A. (Banking & Finance) (Sem. IV) (CBCS)  
Examination**

**August - 2020**

**Risk Management**

Time : 3 Hours]

[Total Marks : 70

1 "Index Futures have become a means of speculation". Do you agree with the statement ? Justify your answer with the help of suitable examples.

2 What is an option contract ? How does it differ from a forward and futures contract ?

**OR**

2 A stock is currently priced at Rs. 550. It is known that in the first 6 months from now the prices can either go up by 10% or fall by 10%. Further in the next 6 months again the prices may either go up by 10% or fall by 10%. If the risk free interest rate is 12% p.a., find the value of a European Call and Put option with an exercise price of Rs. 175 and a maturity of 1 year.

3 What do you understand by risk and what are the different ways of classifying and managing them ?

**OR**

3 What is mean by Currency futures ? Discuss with the help of suitable example how it can be used for hedging foreign currency loans.

4 What are the various type of orders used in derivatives exchanges.

**OR**

- 4 What is meant by Interest Rate Swaps ? Explain with the help of suitable example.
- 5 Write Short Notes on : (Any **Two**)
- (a) American options
  - (b) Straddle and Strangle
  - (c) Hedging using derivatives
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