PGIIIS-588 A-21
M.Com. III Semester Degree Examination
COMMERCE
Business Research Methods
Paper : HC - 3.1

Time : 3 Hours   **Maximum Marks : 80**

Instructions to Candidates:

Answer **all** sections.

SECTION - A

Answer **all** sub - questions in **one** or **two** sentences. Each question carries **2** marks.   (10×2=20)

1. a.   Name any two reasons of business research importance.

    b.   What is meant by hypothesis?

    c.   What is Experimental research?

    d.   What is the difference between questionnaire and schedule?

    e.   Name any one method of data collection.

    f.   What is multi - discriminant analysis?

    g.   What is type II error?

    h.   What is interium report?

    i.   When do you use ANOVA?

    j.   What is Meant by Primary Source of Information?

SECTION - B

Answer any **three** questions. Each question carries **5** marks.   (3×5=15)

2.   Explain in brief the process of business research.

3.   What are the attributes of a good questionnaire?

4.   Explain in brief the different ways of data collection?

5. How do you draw the influences from the data? Explain.

6. What are the essentials of a good report?

SECTION - C

Answer any **Three** questions. Each question carries **15** Marks.   (3×15=45)

7. What is research problem? Define the main issues which should receive the attention of the researcher in formulating the research problem?

8. Discuss in detail various methods of sampling.

9. What are the steps involved in testing the hypothesis? Explain.

10. A market research survey in which 64 consumers were contacted states that 64% of all consumers of a certain product were motivated by the producer's advertising. Find the confidence limits for the proportion of consumers motivated by advertising. In the population, given confidence level equal to 0.95.

11. An 1 Q test was given to 5 persons before and after they were trained.

Candidates	I	II	III	IV	V
1 Q before training	110	120	123	132	125
1 Q after training	120	118	125	136	121

Test wheather then is any improvement in IQ after the training programme (test at 5% level of significance).

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PGIIIS-593 A-21
M.Com. III Semester (CBCS) Degree Examination
COMMERCE
International Marketing
Paper : SC 3.4 C

Time : 3 Hours   Maximum Marks : 80

SECTION - A

Answer **All** the sub - questions. Each sub-question carries **2** marks.   (10×2=20)

1. a)   What are the features of international marketing?

    b)   Why firms go abroad?

    c)   What is transfer pricing?

    d)   What is joint venture?

    e)   What is EPRG framework?

    f)   What is geocentric orientation?

    g)   What is Foreign Direct Investment?

    h)   What is globalization?

    i)   What is product adaptation?

    j)   What is dumping?

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   (3×5=15)

2.   If you are an international marketer of a consumer durables, what distribution strategy would you use? Why?

3.   How can various legal and political factors pose a challenge for an international marketer.

4.   Explain the various product decisions that one needs to consider before going international.

PGIIIS-589 A-21

M.Com. III Semester (CBCS) Degree Examination

COMMERCE

Financial Systems and Markets

Paper : HC - 3.2

Time : 3 Hours   **Maximum Marks : 80**

Instructions to Candidates:

    Attempt all sections.

SECTION - A

Answer **All** the sub - questions. Each sub question carries **2** marks.   (10×2=20)

1.   a)   Define derivatives.

    b)   What is financial dualism?

    c)   Define financial engineering.

    d)   What is repo rate?

    e)   What is intermediation ratio?

    f)   Define circuit breakers.

    g)   What is green shoe option?

    h)   Define e.banking.

    i)   What is freezing of demat accounts?

    j)   List out the regulatory functions of SEBI.

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   (3×5=15)

2.   What are the functions of financial system?

3.   Define Secondary market. Explain its functions.

4.   What are the various types of NBFCs?

5. Explain the powers and functions of IRDAI.

6. Explain the reforms in the banking sector.

SECTION - C

Answer any **Three** questions. Each question carries **15** marks.   (3×15=45)

7. Discuss in detail the structure of financial system and also narrate the interaction among the financial system components.

8. Make out critical evaluation of the depository system in India.

9. What are the objectives of RBI? Discuss the role and functions of RBI.

10. Discuss in detail the major reforms in the primary and secondary market.

11. Define commercial banks. What are the functions of commercial banks especially in a developing economy?

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PGIIIS-590 A-21
M.Com. III Semester (CBCS) Degree Examination
COMMERCE
Computer Applications in Business
Paper : HC - 3.3

Time : 2 Hours   Maximum Marks : 50

Instructions to Candidates:

Attempt **ALL** the sections.

SECTION - A

Answer **All** the sub - questions. Each question carries **One** mark.   (5×1=5)

1. a.   Mention the advantages of computer system.

    b.   List out any four applications of Spreadsheets.

    c.   Write the acronym of ftp and http.

    d.   What is LAN?

    e.   Define System Software.

SECTION - B

Answer any **Three** questions.   (3×5=15)

2.   What is computer memory? Differentiate between primary and secondary memory.

3.   What are secondary storage devices? Discuss with example.

4.   Explain the important steps required for creation of mail - merge document in word.

5.   What is operating system? Discuss the different types of operating system.

6.   Explain the various tips used for designing web pages.

SECTION - C

Answer any **Three** questions.   (3×10=30)

7. Explain various units of computer system with neat diagram and also give suitable examples.

8. Write a note on the following :

    a. Naming schemes used in HTML documents.

    b. Procedures for creating, opening and saving the file in word document.

    c. Steps for creating database and modifications of data using MS-Access.

9. Explain with neat diagram of computer network topologies with suitable examples.

10. Mention the steps for Export, Import facilities and formatting of word documents.

11. Discuss the concept of Website and Web - browsers and also mention the important websites used for business applications.

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PGIIIS-591 A-21

M.Com. III Semester (CBCS) Degree Examination

COMMERCE

Corporate Taxation - I

Paper : SC 3.4 (A)

Time : 3 Hours   **Maximum Marks : 80**

Instructions to Candidates:

Attempt **All** sections.

SECTION - A

Answer the following sub - questions. Each sub-question carries **2** marks.   **(10×2=20)**

1.   a.   State three advantages of direct taxes against indirect taxes.

      b.   What do you mean by residential status?

      c.   Define net annual value in case of a house property.

      d.   Define indexed cost of acquisition.

      e.   What for minimum Alternate Tax introduced in case of a Corporate assessee?

      f.   What do you mean by belated return?

      g.   Define tax management.

      h.   State the types of deemed dividend for tax purposes.

      i.   Define international taxation.

      j.   What do you mean by source Vs residence conflict?

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   **(3×5=15)**

2.   Define domestic company. What are its tax advantages against non - domestic company?

3.   What are the losses which can be carried forward? State with conditions.

4.   Write a brief note on procedure of assessment.

5. X Ltd. owns the following assets :

Particulars	Good will	Shares
Cost of acquisition	Self generated	Rs.1,40,000
Date of acquisition	Since establishment of business on 1/1/1991	March 10, 2013

These capital assets (no depreciation claimed) are transferred by X Ltd. to its wholly - owned subsidiary company S Ltd. on 1/6/2017. On 7/9/2018 these assets are transferred by S Ltd. for consideration of Rs. 10,15,000 (i.e. goodwill - Rs. 7,00,000 and shares - Rs. 3,15,000). Compute the capital gain chargeable to tax, if any, for the assessment year 2020-21.

6. Y Ltd. a domestic company has a paid - up equity capital of Rs. 5 crore. The company declares dividend @ 30% on its paid - up equity on 5/4/2019. Whether company is liable for any tax on this Transaction? Discuss.

SECTION - C

Answer any **Three** questions. Each question carries **15** marks.   **(3×15=45)**

7. How do you compute minimum alternate tax of a company? Discuss.

8. Critically examine the concepts tax planning, tax avoidance and tax evasion in relation to a company.

9. Explain in detail the concept of transfer pricing as applicable to international tax transactions.

10. Following is the profit and loss Account of ABC Ltd. as on 31/3/2019. Compute its income from business.

Profit and Loss Account

	Rs.		Rs.
Establishment expenses	50,00,000	Gross profit	93,00,000
Income Tax	5,00,000	Capital gain on sale	
GST	12,00,000	of machinery	1,00,000
Interest on money		Refund of income tax	3,00,000
borrowed	14,00,000	Bad debts recovered	3,00,000
Depreciation	7,00,000		
Other Expenses	12,00,000		
	1,00,00,000		1,00,00,000

Notes :

1. GST debited includes GST due but not paid Rs. 50,000

2. Interest on money borrowed payable to SBI but not yet paid is debited to the extent of Rs. 4,00,000.

3. Depreciation U/S 32 works out to Rs. 6,96,000.

4. Other expenses include :

   a. Deepavali pooja expenses Rs. 10,000.

   b. Gratuity to the family of decreased employee (the company has no gratuity fund) Rs. 1,00,000.

   c. Advertisement of company products in a political party, news paper Rs.1,00,000.

   d. Purchase of two computers worth Rs. 1,50,000.

5. Capital gain credited is on sale of depreciate asset.

6. During 2016-17 the company claimed a bad debt of Rs. 5,00,000. But the income tax officer allowed only Rs.3,00,000. Now, the company has recovered Rs. 3,00,000 (out of Rs. 5,00,000) and the same is credited to P& L account.

11. Following are the details of M Ltd. a domestic company, for the year 2019-20 (P.Y) you are required to compute its tax liability for the A.Y. 2020-21.

    i. Income from house property - Rs. 2 lakhs.

    ii. Income from business (2019-20) Rs. 108 lakhs.

    iii. Brought forward business loss (2016-17) Rs. 8 lakhs.

    iv. Deductions U/S 80 G (computed) Rs.3 lakhs.

    v. Book profit U/S 115JB Rs. 150 lakhs (2019-20- P.Y).

    vi. MAT credit available Rs. 5 lakhs.

    Write appropriate notes for your treatments.

Roll No. _____   [Total No. of Pages : 2

PGIIIS-592 A-21
M.Com. III Semester Degree Examination
COMMERCE
International Financial Management
Paper : SC- 3.4 B

Time : 3 Hours   Maximum Marks : 80

SECTION - A

Answer **All** the following sub - questions. Each sub-question carries 2 marks. **(10×2=20)**

1. a. What is direct quote?

    b. Why IMF is established?

    c. What do you mean by Rupee depreciation?

    d. Under which situation leading is advisable?

    e. Distinguish between transaction and translation exposure.

    f. What is currency options?

    g. What is International Depository Receipt?

    h. What is pooling?

    i. What is bid - ask spread?

    j. What is external commercial borrowing?

SECTION - B

Answer any **Three** of the following questions. Each question carries 5 marks.   **(3×5=15)**

2. What are the types of currency options?

3. Explain in brief interest Rate parity theory.

4. What are the types of foreign exchange markets?

5. Write the assumptions of Capital Asset Pricing Model. (CAPM).

6. How do you manage operating exposure? Explain.

PGIIIS-592 A-21/2021   (1)   [Contd....

SECTION - C

Answer any **Three** of the following questions. Each question carries **15** marks.

$$(3 \times 15 = 45)$$

7. Discuss in detail the nature and scope of international financial management.

8. Write a detailed note on the different aspects of short - term international financial management.

9. Explain the factors that determine the foreign exchange value.

10. Write an explanatory note on the international monetary system.

11. Confusys Technologies has considerable exports to US. Now it is planning to set up a branch in UK. You are requested to find the NPV under Home currency approach and Foreign currency approach from the following information :

    a.   Initial cash outlay UKP 1,80,000.

    b.   Forecasted CFAT for five years : UKP 30,000; 40,000; 40,000; 50,000; 60,000.

    c.   Required rupee rate of return is 12 per cent

    d.   Risk free rate in India 9 per cent p.a.

    e.   Risk free rate in US 6 per cent p.a.

    f.   Spot Exchange Rate INR 72/USD.

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Roll No. _____

PGIIIS-594 A-21
M.Com. III Semester Degree Examination
COMMERCE
Risk Management
Paper : SC- 3.4 D

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates:

Answer **All** sections.

SECTION - A

Answer **All** the sub - questions. Each sub-question carries **Two** marks.   (10×2=20)

1. a.   What is interest rate risk?

    b.   How do you hedge the currency risk?

    c.   What is asset liability management?

    d.   What is forward contract?

    e.   What is CAR?

    f.   What is arbitrage?

    g.   What is meant by duration?

    h.   What is derivative instrument?

    i.   What is risk adjusted return on capital?

    j.   What is open interest?

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   (3×5=15)

2.   Explain the process of risk management.

3.   Describe the objectives of asset liability management.

4.   How do you determine the value of forward contract? Explain.

5. Write a note on AT1 bond.

6. Explain the importance of system audit in risk management.

SECTION - C

Answer any **Three** questions. Each question carries **15** marks.   (3×15=45)

7. What are the types of risks? Discuss.

8. Write a detailed note on GAP analysis.

9. Explain the duties and responsibilities of risk managers in banks.

10. From the following data determine the value of Call option using risk neutral model.

    Upper limit price Rs. 200.

    Lower limit price Rs. 50

    Current market price Rs. 150

    Term to maturity - six months.

    Risk free rate return - 6%

11. Are arbitrage gains possible from the following set of information to the arbitrageur.

Spot rate	: Rs. 61.88/$
3 months forward rate	: Rs. 62.28/$
3 months interest rates	
Rs.	: 7% p.a
$	: 11% p.a

    Assume Rs. 10 million borrowings or $2,00,000 (as the case may be) to explain your answer.

Roll No. _____   [Total No. of Pages : 2]

PGIIIS-594 A-21
M.Com. III Semester Degree Examination
COMMERCE
Risk Management
Paper : SC- 3.4 D

Time : 3 Hours   Maximum Marks : 80

Instructions to Candidates:

Answer **All** sections.

SECTION - A

Answer **All** the sub - questions. Each sub-question carries **Two** marks.   (10×2=20)

1. a. What is interest rate risk?

    b. How do you hedge the currency risk?

    c. What is asset liability management?

    d. What is forward contract?

    e. What is CAR?

    f. What is arbitrage?

    g. What is meant by duration?

    h. What is derivative instrument?

    i. What is risk adjusted return on capital?

    j. What is open interest?

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   (3×5=15)

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3. Describe the objectives of asset liability management.

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5. Write a note on AT1 bond.

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SECTION - C

Answer any **Three** questions. Each question carries **15** marks.   (3×15=45)

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3 months interest rates	
Rs.	: 7% p.a
$	: 11% p.a

    Assume Rs. 10 million borrowings or $2,00,000 (as the case may be) to explain your answer.

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PGIIIS-596 A-21
M.Com. (FA) III Semester (CBCS) Degree Examination
COMMERCE
Management Accounting
Paper : HC 301

Time : 3 Hours   Maximum Marks : 80

Instructions to Candidates: *Attempt **all** sections.*

SECTION - A

Answer the following sub- questions. Each Sub- question Carries 2 marks.   (10×2=20)

1. a) State the distinction between management Accounting and accounting.

    b) What is liquidity?

    c) State the Utility of operating ratio.

    d) What is funds from Operations?

    e) Define marginal costing.

    f) What is margin of safety?

    g) State the difference between budget and Budgeting.

    h) Define Standard costing.

    i) What do you mean by variance analysis?

    j) What is fixed budget?

SECTION - B

Answer any **Three** of the following questions. Each question carries 5 marks.   (3×5=15)

2. Explain the Scope of management accounting.

3. Explain the limitations of Financial statements.

4. Describe in brief the importance of fund flow statement.

5. Describe the objectives of budgetary Control.

6. Explain the advantages of Variance analysis.

SECTION - C

Answer any **Three** questions of the following. Each question carries **15** marks. (3×15=45)

7. Discuss the Significance and Managerial uses of management accounting.

8. Discuss the various methods of analysing the financial statements to entrance the utility of these Statements.

9. "Marginal Costing is an useful technique in the hands management for effective decision making" Discuss.

10. Balance sheets and Income Statement of XYZ Ltd. as on 31.12.2007 and 2008 are as follows.

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Accounts Payable	60,000	1,00,000	Cash Balance	20,000	8,000
Cash credit	52,000	40,000	Accounts Receivable	40,000	32,000
Outstanding expenses	8,000	12,000	Loans & Advances (short term)	20,000	-
Long term Loan	1,20,000	80,000	Inventories	80,000	1,00,000
Capital	1,20,000	1,20,000	Fixed Assets (Net)	2,40,000	2,60,000
Surplus	40,000	48,000			
	4,00,000	**4,00,000**		**4,00,000**	**4,00,000**

Income Statement for the year 2008

Sales	8,00,000
Less:Cost of goods Sold	6,80,000
(including depreciation of Rs. 40,000)	
Gross Profit	1,20,000
Less:Other expenses	80,000
Income Before Tax	40,000
Less:Provision for tax	20,000
Retained earnings	20,000

Prepare a statement of Sources and uses of funds.

11. The management of Company considers that product Y. One of the three main lines is not profitable as other two with the result that no efforts are being made to push its sales. The selling prices and costs of the three Products are.

Product	Selling Price	Direct Material	Direct Labour		
	Rs.	Rs.	Dept A	Dept B	Dept C
			Rs.	Rs.	Rs.
X	68	10	8	2	2
Y	58	6	2	8	2
Z	64	8	2	2	8

Over heads rates for each department per rupee of Direct labour are as follows.

	Dept A	Dept B	Dept C
	Rs.	Rs.	Rs.
Variable overheads	1.20	0.40	1.00
Fixed overheads	1.20	2.00	1.40
	2.40	2.40	2.40

What advise would you give to the management about the profitability of Product Y? Give reasons.

PGIIIS-597 A-21
M.Com. (F.A.) III Semester (CBCS) Degree Examination
COMMERCE
Taxation - II
Paper : HC 302

Time : 3 Hours   **Maximum Marks : 80**

Instructions to Candidates: *Attempt All Sections.*

SECTION - A

Answer **All** the sub- questions. Each sub-question carries **2** marks.   **(10×2=20)**

1.   a)   State three advantages of GST against VAT (State Sales Tax)

      b)   Why place of supply is significant?

      c)   What do you Mean by voluntary registration under GST?

      d)   What do you mean by reverse charge?

      e)   Define CIF value.

      f)   Define territorial waters.

      g)   Define inter-state supply.

      h)   Why GST compensation cess is levied?

      i)   Who are the members of GST council?

      j)   What is the exemption limit under GST?

SECTION - B

Answer any **Three** questions. Each question carries **5** marks.   **(3×5=15)**

2.   Explain in brief any two duties levied under customs to protect domestic market.

3.   Write a note on electronic way bill.

4.   What is tax invoice? What are its features.

5.   X Ltd. purchased capital goods under cover of invoice dated 1-10-2018 for Rs. 8,00,000 (exclusive of GST @ 12%). After taking it for business use, the said capital goods were supplied for Rs. 4,20,000 on 6-9-2019. What tax is payable on such supply of capital goods.

6.   Y Ltd. imported certain Machineries from U.S. for a CIF value of 1,00,000 $ (FOB 75,000 $ + freight 24,500$ + Insurance 500$). Compute the assessable value for customs. Assuming exchange rate as 1$=Rs. 75.00.

SECTION - C

Answer any **Three** questions. Each question carries **15** marks.   (3×15=45)

7. What do you mean by input tax credit? Discuss the aspects concerning ITC under GST.

8. Discuss with reference to a supplier Registration, Returns and Payment of Tax.

9. Discuss in detail the aspects concerning administration of GST.

10. A Ltd. has the following particulars for the month of December - 2019. Find the GST liability.

   a)   Output supply: Rs. 18,00,000
      i)   40% of output sold with in state
      ii)   40% of output sold outside state
      iii) 20% of output exported
      iv)   GST/IGST on output supply is @ 18%

   b)   Input supply: Rs. 16,00,000
      i)   50% of inputs are purchased from within state(GST - 12%)
      ii)   50% of inputs are purchased from outside state(IGST - 5%)
      iii) Output supply mentioned in (b) is excluding GST/IGST.

   c)   Input tax credit available as on 1/12/2019 -
      i)   CGST - Rs. 32,000
      ii)   SGST - 20,000
      iii) IGST - Nil.

      Write detailed note for your treatment.

11. B. Ltd. has imported some manufactured goods from U.K. The details are as under:

   a)   Cost of goods at U.K. Port 10,000 £

   b)   Freight (Air) 2,000 £

   c)   Insurance 100 £

   d)   Buying commission paid in India Rs. 5,000.

   e)   Royalty 200 £

   f)   Unloading expenses at Indian port Rs. 8,000

   g)   B.C.D @ 10% & S.W.S @ 10%.

   h)   IGST @ 18%

   i)   Exchange rate notified by CBIC 1 £ =92.00 Rs.

   Compute the assessable value of goods imported and customs duty liability.

PGIIIS-598 A-21
M.Com.(FA) III Semester (CBCS) Degree Examination
COMMERCE
Accounting Systems
Paper : HC. 303

Time : 3 Hours   Maximum Marks : 80

Instructions to Candidates: *Attempt All Sections.*

SECTION - A

Answer **All** sub- questions in **one** or **two** sentences. Each sub-question carries **Two** marks.
(10×2=20)

1. a) Define Accounting.

    b) What is owner's equity?

    c) What is amortization?

    d) What is matching principle?

    e) Identify the typical users of financial reports.

    f) What is compound entry?

    g) Why is a trial balance prepared?

    h) What is the necessity of IFRS?

    i) What is Social Accounting?

    j) What is an intangible asset?

SECTION - B

Answer any **Three** questions. Each question carries **Five** marks.   (3×5=15)

2. What do you mean by GAAPs? Identify five of the institutions that influence Indian GAAP.

3. Explain various Accounting Conventions.

4. Write a short note on Human Resource Accounting.

5. What is segment environmental accounting?

6. Bottom Limited entered into a sale deed for its immovable property before the end of the year. But registration was done with registrar subsequent to Balance Sheet date. But before finalization, is it possible to recognize the sale and the gain at the balance sheet date? Give your view with reasons.

SECTION - C

Answer any **Three** questions. Each question carries **Fifteen** marks.   (3×15=45)

7. "Good Accounting practice is based on good Accounting Theory". Elucidate.

8. Anticipate no profit but provide for all possible losses". Elucidate the statement. Does conservatism clash with Objectivity and Consistency?

9. Identify the reasons for depreciation. Explain the factors that influence the depreciation policy of a firm.

10. Discuss the benefits and disadvantages global accounting standards.

11. The following balances were extracted from the books of ABC Enterprises on December 31, 2020.

Particulars	Dr (Rs)	Cr (Rs)
Capital		24,500
Drawings	2,000	
General Expenses	2,500	
Buildings	21,000	
Machinery	9,340	
Stock (1.1.2020)	16,200	
Power	2,240	
Taxes and Insurance	1,315	
Wages	7,200	
Debtors and Creditors	6,280	2,500
Charity	105	
Bad debts	550	
Bank overdraft		11,180
Sales and Purchases	13,500	65,360
Stock (31.12.2020)	23,500	
Motor Vehicles	2,000	
Motor Vehicle expenses	500	
Provision for doubtful debts		900
Commission		1,320
Trade expenses	1,280	
Bills payable		3,850
Cash	100	
	1,09,610	1,09,610

You are required to :

i)   Prepare final accounts for the year ended December 31, 2020 after giving effect to the following adjustments: a) 1/5th of General expenses and Taxes and Insurances to be charged to factory and the balance to the office. b) Write off further Bad debts of Rs. 160 and maintain the provision for doubtful debts at 5% and create a provision for discount on Debtors at 10%. c) Depreciate Machinery at 10% and Motor Vehicles by Rs. 240 d) Provide Rs. 700 for interest on Bank Overdraft to be paid. e) Rs. 50 is to be carried forward to next year out of Insurance. f) Provide for Manager's Commission at 10% on the Net Profit after charging such commission.

ii)   Name the accounting concepts which are followed while treating the adjustment (a), (b) and (d) above.

PGIIIS-599 A-21
M.Com. (FA) III Semester (CBCS) Degree Examination
COMMERCE
Derivatives
Paper : SC. 304 (A)

Time : 3 Hours   Maximum Marks : 80

Instructions to Candidates: *Attempt All sections.*

SECTION - A

Answer **all** the sub- questions in **one** or **two** Sentences.   (10×2=20)

1. a)   What is derivative instrument?

    b)   What is meant by index future?

    c)   What are the types of margin?

    d)   What is meant by option break even price?

    e)   What is Rho?

    f)   What is the difference between arbitrager and hedger?

    g)   What is Gross payoff?

    h)   What do you mean by teji and mandi?

    i)   How do you calculate the expected value of call?

    j)   What is Beta?

SECTION - B

Answer any **THREE** questions. Each question carries **Five** marks.   (3×5=15)

2.   What are the advantages of derivatives?

3.   Features is a standardized forward contract Comment.

4.   What do you understand by marking to the market? Explain its purpose with suitable example.

5.   A share is trading at Rs. 250. What would be the value of the forward contract on the share for delivery after 6 months? Assume the risk free rate of return is 6%.

6.   What are the options available to option holders?

SECTION - C

Answer any **THREE** questions. Each question carries **Fifteen** marks.   (3×15=45)

7.   What are the economic functions of derivatives market? Explain.

8.   What are the types of risk you find in trading derivatives? Explain

9.   How do you find value of call option Using Risk Neutral Method? Show with an example.

10. A share is currently trading at Rs. 125. It is expected to give a dividend of Rs. 10 per share after 4 months. Assume that the risk free rate of return is 10 per cent. What would be the approximate value of the forward contract (assuming annual compounding) on the share for delivering after i) 3 months ii) 6 months, and iii) 12 months? What would be the value of forward contract with continuous compounding?

11. A 2 month call option on infosysis with a strike price of Rs. 2100 is selling for Rs. 140 when the share price is trading at Rs. 2200. Find out the following

   a)   What is the internsic worth of the call option?

   b)   Why should one buy the call option for a price in excess of the internsic worth?

   c)   What are the circumstances under which the option holder would exercise his call?

   d)   At what price of the asset the call option holder would break even?

   e)   If the price of infosysis becomes Rs. 2150(lower than the Break Even point), should option holder exercise the call option?

   f)   What is the payoff of the holder and writer if the price of infosysis share is i) 2000 ii) 2250 iii) 2500 on the date of expiry of the option?