

**MASTER OF BUSINESS ADMINISTRATION  
(MBAEV)**

**Term-End Examination**

**December, 2013**

**MCNE-043 : FINANCIAL DERIVATIVES AND  
PORTFOLIO MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

---

*Note : Attempt any five questions. All questions carry equal marks.*

---

1. Explain the term 'derivative'. Trace the history of derivative trading on stock exchanges in India. How have these been useful to investors ? 20
2. What are 'options' and why are they popular with investors ? Explain briefly the Black and Scholes option pricing model. 20
3. Explain the meaning and nature of 'swaps'. Detail the credit default swaps and their usefulness. 20
4. How would you distinguish between a 'forward contract' and a 'future contract' ? When and for what purpose are they used ? State the features of 'nifty futures' contract. 20

5. Describe the process of equity derivatives on Indian stock exchanges. Suggest measures to make it attractive for common investors. 20
6. "Financial derivatives are commonly used by hedge funds". Elaborate this statement and name the derivative products that are popular with hedge funds. 20
7. What are 'structured products' and how do they differ from usual derivative products ? What purpose are they expected to achieve ? What happens when these produce undesirable results ? Give examples in this regard. 20
8. Write short notes on *any four* of the following : 4x5=20
- (a) Using derivatives for risk management.
  - (b) Interest rate derivatives.
  - (c) Commodity derivatives.
  - (d) Structure of derivative markets.
  - (e) Energy derivatives.
-