1903N302 Candidate's Seat No :__________

M.Com. (HPP) (Sem.-4) (Financial) Examination

CC 16

Fincncial Derivatives

March 2019

Time : 2-30 Hours] **[Max. Marks : 70**

1(A) What is financial derivative? Explain features and basic classification of derivative contract. (14)

OR

1A (i) Explain difference between Over The Counter and Exchange Traded Derivatives. (07)

1A (ii) Describe growth of derivatives market in India. (07)

1(B) Multiple Choice Questions. (attempt any four out of five) (04)

1. Financial derivatives can be used by FIs to manage
   (a) credit risk (b) interest rate risk
   (c) foreign exchange risk (d) all of the above
2. Which of the following is false?
   (a) Futures contracts allow fewer delivery options than forward contracts.
   (b) Futures contracts trade on a financial exchange
   (c) Futures contracts are marked to market.
   (d) Futures contracts are more liquid than forward contracts.
3. Using futures contracts to transfer price risk is called
   (a) Speculating (b) diversifying
   (c) arbitrage (d) hedging
4. Why is the system of trading on margin practised in futures markets?
   (a) To make futures contracts more readily tradable
   (b) To reduce the risk of default on contracts
   (c) To allow poor people to participate in futures trading
   (d) To allow people to make high rates of profit
5. The size of the initial margin payable on a futures contract is related to
   (a) The length of the contract
   (b) The number of contracts entered into by the buyer
   (c) The past financial record of the buyer of the contract
   (d) The volatility of the price of the underlying asset

2(A) From the following details show mark-to-market margin and also margin call. (14)

P. T. O.

On December 15, 2018 XYZ ltd. establish a long position in 100 shares of TISCO on January 1 at a futures price Rs. 600 per share. Initial margin for contract is Rs. 30,000 and maintenance margin is Rs. 20,000.

Date	December											Jan.
	15	16	17	18	19	21	22	23	24	25	27	31	1
Futures Prices	600	550	570	540	520	530	580	550	590	550	580	620	650

OR

2A (i) Explain cost of carry approach of futures pricing theories. (07)

2A (ii) A company knows that it will buy two million gallon fuel of jet in six months. The standard deviation of the change in price per gallon of fuel over a six months period is calculated as 0.020. The company chooses to hedge by buying futures contract on heating oil. The standard deviation of the change in futures price over a three months period is 0.025 and the coefficients of correlation between the jet fuel and futures price of heating oil is 0.5. Calculate the hedge ratio and number of contracts to be hedged. (07)

2(B) Give full form of the following terms: (attempt any four out of five) (04)

1. LIBOR
2. OTC
3. FRA
4. CBOT
5. OTM

3(A) Find out call option price as per Black-Scholes model. (14)

Stock price	Rs. 100
Month to expiration	3 months
Risk rate of interest	10%
Standard deviation of stock	40%
Exercise price	Rs. 110
Option type	European Call

OR

3A (i) Frame butterfly strategy with diagram with the following details. (07)

Stock is currently selling in the market at Rs. 90. Three different call options are available with following strike prices:

Strike price	Call price
85	17
90	10
95	8

3A (ii) Explain different properties of Options. (07)

3(B) Multiple Choice Questions. (attempt any three out of four) (03)

1. In American option buyer can exercise his right_______
   (a) on or before the maturity (b) on the day of maturity
   (c) after completion of maturity (d) None of the above
2. A strangle is a mixed options strategy consisting of:
   (a) Two calls with same expiry and strike price
   (b) Two calls with same expiry but different strike price
   (c) Two calls with different expiry and strike price
   (d) Two calls with different expiry and same strike price
3. Writer of call option can get _________
   (a) unlimited gain (b) limited gain
   (c) limited loss (d) All of the above
4. Derivatives contracts that have asymmetric payoffs are
   (a) Forwards (b) Futures
   (c) Options (d) Swaps

4(A) Companies A and B have been offered the following rate per annum on a $20 million five-year loan:

Companies	Fixed Rate	Floating Rate
A	14%	LIBOR + 1.1%
B	15.4%	LIBOR + 1.6%

Company A requires a floating rate loan, Company B requires a fixed rate loan. Design a swap that will have a bank acting as intermediary 0.1% per annum and be equally attractive to both the companies.

(14)

OR

4A (i) Explain different types of interest rate swaps. (07)

4A (ii) Define swaps. Explain features of Swaps. (07)

4(B) Multiple Choice Questions. (attempt any three out of four) (03)

1. Type of swaps in which fixed payments of interest are exchanged by two counterparties for floating payments of interest are called _________

P.T.O.

(a) float-fixed swaps
(b) interest rate swaps
(c) indexed swaps
(d) counter party swaps

2. A swap that is used to evade risk of exchange rate exists because of currency mismatching is classified as

(a) floating swaps
(b) fixed swaps
(c) currency swaps
(d) equity swaps

3. Amount of money involved in swap transaction is classified as

(a) notion principal
(b) swap principal
(c) transaction principal
(d) time value of swap

4. Agreement between two parties to exchange cash flows in future and cash flows are based on underlying instruments is classified as

(a) swaps
(b) interchange
(c) exchange
(d) index

XXXXXXXXXXXXXXXXXXXXXXXXX

2003N321 Candidate's Seat No :________

M.Com. (HPP) (Sem.-4) (Financial) Examination

CC 17

Financial Inclusion & Micro Finance

March 2019

Time : 2-30 Hours] **[Max. Marks : 70**

Q.1– A Discuss various advantages of Financial Inclusion? 14

OR

A(i) Emphasize various strategies for Financial Inclusion 7

A(ii) Write a note on 'Six Pillars of PMJDY'. 7

Q.1 – B Do as Directed (Any – 4) 4

(i) Give meaning of Below Poverty line.

(ii) Give full form of 'CCFS'.

(iii) Give major objective of Financial Inclusions

(iv) Name 2 demand side barriers to Financial Inclusions.

(v) The creation of Credit Guarantee Fund under PMJDY was to cover the defaults in overdraft accounts. (True/False)

(vi) What does Financial Exclusion mean?

Q.2 – A Enumerate various initiatives taken by government for development of Micro Finance? 14

OR

A(i) Write a note on delivery Mechanism of Micro Finance. 7

A(ii) Discuss the role of SIDBI in promoting Micro Finance Activities? 7

Q.2 – B Do as Directed (Any -4) 4

(i) Give meaning of Micro Finance

(ii) Name the parent organization of MUDRA.

(iii) Give full form of 'SHPI'.

(iv) High cost of Loans was one of the problems in Micro Finance. (True/False)

(v) Name 2 micro finance Institutions as per Forbes magazine.

(vi) Give full form of 'SHG'.

Q.3 – A) Discuss various sources of Credit availed by farmers and also highlight the problems were faced by Rural co-operatives as part of rural credit system in India? 14

OR

A(i) Explain in detail the nature and objectives of RRBs 7

A(ii) Highlight the importance of Urban Co-operative Banks? 7

P.T.O.

N321-2

Q.3 – B	Do as Directed (Any – 3)	3
(i)	Define 'PACS'.	
(ii)	What does NPAs mean in bank?	
(iii)	Give full form of 'NDTL'.	
(iv)	Name 2 issues in computerization in Banking system.	
(v)	What does Umbrella Organization mean?	
Q.4 – A	Name and explain the technological products used for PMJDY?	14
	OR	
A(i)	Discuss in detail the Technology used for Financial Inclusion?	7
A(ii)	Discuss in detail the Technological channels used for delivery of Financial services?	7
Q.4 – B	Do as Directed (Any – 3)	3
(i)	CBS means Clearing Bank System. (True/False)	
(ii)	When was direct Benefit Transfer scheme introduced?	
(iii)	Give full form of 'NEFT'.	
(iv)	Give full form of 'RTGS'.	
(v)	Give full form of 'AEPS'.	

x ——— x

5/43

2203N351

Candidate's Seat No :__________

M.Com. (HPP) (Sem.-4) (Financial) Examination

CC 18

Corporate Restructring

March 2019

Time : 2-30 Hours] **[Max. Marks : 70**

Q-1 (A) Explain the term "Corporate Restructuring". Discuss Porter's Five Forces model of corporate restructuring. (14)

OR

Q-1A (i) Write a note on different forms of Expansion. (7)

(ii) Distinguish between vertical & horizontal merger. (7)

Q-1 (B) Choose the correct option. (Any Four) (4)

(1) When a foreign company buys a local company by exchange of shares of its subsidiary located in country of local company, it is known as:

(a)Conglomerate merger (b) Triangular merger

(c) Purchase merger (d) Vertical merger

(2) Business units with high profitality & low investments, falls under the category of ________ in BCG share matrix.

(a) Dog (b) Star

(c)Cash cow (d) Dog

(3) A firm plans to sell off a part of firm via an equity offering to outsiders, which of the following means shall be applied by the company for executing its plan?

(a) Equity Carve-out (b) Spin-off

(c)Tender offer (d) Split-up

P.T.O 1

N 351- 2

(4) If a Company changes its capital structure, it can be defined as:

(a) Organistaonal Restructuring (b) Portfolio Restructuring

(c) Financial restructuring (d) None of the above

(5) From the following, which groups relate with the choice of corporate restructuring:

(a) Contraction (b) Corporate Control

(c) Expansion (d) All of the above

(6) The combination of organization's weakness & external threats is known as:

(a) Mini-Mini (b) Mini-Maxi

(C) Maxi-Maxi (d) Maxi-Mini

Q-2 (A) Explain the most critical financial ratios used in financial statement analysis phase of business valuation. (14)

OR

Q-2 (A) (i) Discuss the key challenges in Due Diligence. (7)

(ii) Write a note on the role of HR in merger & Acquisition. (7)

Q-2 (B) Choose the correct option. (Any Four) (4)

(1) The process of auditing of Potential investment while acquiring an organization is known as:

(a) Business Auditing (b) Due Diligence

(c) Investigation (d) None of the above

(2) The value of expected earnings by discounted value method can be defined as:

(a) Book value (b) Market Value

(c) Sale value (d) Economic Value

(3) ______________ Model can be used to analyse effects of Macro-Economic Enviorment on Company's environment.

(a) Porter's five forces model (b) BCG – growth matrix model

(c) STEP Model (d) Three-stage Model

(4) From the following, which term is considered for calculation of Discount Rate of cash flow?

(a) Cost of Assets (b)Cost of Equity

(c) Cost of Loans (d) Cost of Working Capital

(5) Gains arising out of transfer of capital asset are known as:

(a) Capital Gains Tax (b)Tax on Property

(c) Tax on Transfer of Assets (d) Service Tax

(6) The Application of merger to the High Court is to be made in Form no.__________

(a) Form no. 40 (b)Form no. 41

(c) Form no. 43 (d) Form no. 33

Q-3 (A) What do you understand by Employee stock Ownership plan (ESOPS). Discuss various types of ESOPS. (14)

OR

Q-3 (A) (i) Write a note on Procedure for shares buyback. (7)

(ii) Explain Pooling of Interest method in detail. (7)

Q-3 (B) Choose the Correct option: (Any Three) (3)

(1) Accounting Standard-14 deals with:

(a) Business Combinations (b) partnership Act

(c) Amalgamation in nature of merger (d) none of above

N 351-4

(2) Difference between value of a company and payment made for its acquisition is to be adjusted to ______ as per amalgamation in nature of merger.

(a) General Reserve
(b) Capital Reserve
(c) Goodwill
(d) Investments

(3) Value of shares, securities or cash issued by Transferee Company to Transferor Company is known as:

(a) Purchase Consideration
(b) Net Assets Value
(c) Goodwill
(c) Capital Gains

(4) If owner of a selling company sells ____ or more of their company to an ESOP are allowed benefits of 'roll-over".

(a) 20%
(b) 30%
(c) 15%
(d) 35%

(5) In India, maximum quantum of shares buyback can be ___ of total paid up capital and reserves of a company.

(a) 20%
(b) 15%
(c) 25%
(d) 30%

Q-4 (A) Define the term "Strategic Alliance". Elaborate Zaman & Mavondo model of successful Strategic Alliance. (14)

OR

Q-4 (A) (i) Write a note on documentation required for establishing a Joint Venture. (7)

(ii) Explain various theories of Takeover in brief. (7)

N 351 - 5

Q-4 (B) Choose the correct option. (Any Three) (3)

(1) Acquisition of business with more debt capital or borrowed capital is defined as:

(a) Joint Venture (b) Take-over

(c) Demerger (d) Leveraged Buy-out

(2) Takeover of a financially sick company by financially rich company is termed as:

(a) Friendly takeover (b) Bail out takeover

(c) Hostile takeover (d) Vertical takeover

(3) In India a merger is applicable for:

(a) A local authority (b) A foreign company

(d) A public sector company (d) All the above

(4) When two firms are formed for mutual purpose by collaboration, its known as:

(a) Take over (b) Merger

(c) Strategic Alliance (d) Buy-back

(5) Joint venture of an Indian company and a foreign partner can be approved by:

(a) Government of India (b) State bank of India

(c)SEBI (d) RBI

—x—

35

2303N385

Candidate's Seat No :________

M.Com. (HPP) (Sem.-4) (Financial) Examination

CC 19

Financial Regulation

March 2019

Time : 2-30 Hours] **[Max. Marks : 70**

Time: 2hrs and 30minute Total Marks: 70

Que 1 (A). Explain in detail the SEBI's Regulation for Foreign Portfolio Investors. **14**

OR

Que 1 A(i). Briefly explain the functions of SEBI. **07**

Que 1 A(ii). Explain the Pre-Issue Obligations of Merchant Banker. **07**

Que 1 (B) MCQS (Attempt any four) **04**

i. The first Electronic stock exchange of India is-
A. BSE B. NSE
C. OTCEI D. Both A and B

ii. The SEBI got legal teeth through an ordinance issued on-
A. January 30, 1992 B. March 12, 1991
C. May 8, 1989 D. April 10, 1992

iii. The SEBI exercises power under section-
A. 11 and 11B B. 12 and 12B
C. 7 and 7A D. 8 and 8C

iv. The regulation under which the certificate of registration to merchant banker is granted-
A. Regulation 12 B. Regulation 8
C. Regulation 11 D. Regulation 7

v. A minimum underwriting obligation of the lead merchant banker holding a certificate under Category I is-
A. 15% B. 10%
C. 5% D. 25%

Que 2 (A). Explain the guidelines of the SEBI covering the Credit Rating Agencies in India. **14**

OR

Que 2 A(i). SEBI guidelines relating to Mutual Funds. **07**

Que 2 A(ii). Unit Trust of India. Briefly explain it. **07**

Que 2 (B). Write Down the Full forms. (Attempt any Four) **04**

i. AMFI
ii. SAT
iii. FPOs
iv. CRISIL
v. ASBA

P.T.O

N 385 - 2

Que 3(A). Briefly explain the organisation, objectives and Role of RBI as per the RBI Act, 1934. 14

OR

Que 3 A(i). The Industrial Development Bank of India. 07

Que 3 A(ii). The Bank Deposit Insurance Corporation. 07

Que 3 B. Attempt any three. 03

i. Industrial Finance Corporation of India (IFCI) was established in :
A. 1949 B. 1948
C. 1950 D. 1947

ii. The first Indian governor of RBI was-
A. K.G. Ambegaonkar B. Laxmikant Jha
C. Urjit Patel D. C.D. Deshmukh

iii. Who introduced the Banking Ombudsman Scheme ?
A. RBI B. IDBI
C. SEBI D. NABARD

iv. Which among the following is incorrect?
a) RBI is the Bank of Issue
b) RBI acts as Banker to the Government
c) RBI is Banker's Bank
d) RBI does not regulate the flow of credit

Que 4 (A) Write a brief note on Insurance Regulatory and Development Authority of India Act, 1992. 14

Que 4 A(i). SIDBI ACT 07

Que 4 A(il). Explain the Grievances Redressal System for Policy Holder. 07

Que 4 B. Write Down the fullforms (Attempt any three) 03

i. MSERS
ii. NABARD
iii. RIDF
iv. TDF

2503N413 Candidate's Seat No :________

M.Com. (HPP) (Sem.-4) (Financial) Examination

CC 20

International Accounting

March 2019

Time : 2-30 Hours] **[Max. Marks : 70**

Question 1 (A) Explain the floating exchange rate regime and the fixed exchange rate regime. Do you agree that the floating exchange rate regime is superior to the fixed exchange rate regime? (14)

OR

Question 1 A(i) Discuss the monetary approach to Balance of Payment adjustment (7)

Question 1A(ii) Explain covered interest arbitrage with suitable example. How is it different from uncovered interest arbitrage? (7)

Question 1 (B) Choose the correct answer: (Any four) (4)

1. According to elasticity approach, trade balance should improve if
   (a) demand for export and import is price-elastic.
   (b) demand for export and import is price-inelastic.
   (c) none of these
2. MNCs must operate at least in:
   (a) four countries
   (b) six countries
   (c) ten countries
3. Classical economists viewed that BOP adjustment:
   (a) was automatic
   (b) was possible through devaluation
   (c) none of these
4. Conditionality is attached to :
   (a) borrowings under the reserve tranche
   (b) borrowing under the first instalment of the credit tranche
   (c) subsequent borrowings
5. Domestic currency tends to depreciate owing to:
   (a) high inflation rate
   (b) lowering of inflation rate
   (c) constant inflation rate
6. If the interest rate in India and the USA is 9.06 percent and 6 percent respectively and if the spot exchange rate is ₹ 70/$, the exchange rate next year is
   (a) ₹ 71.30/$
   (b) ₹ 72.02/$
   (c) ₹ 72.20/$

Question 2 (A) Discuss the strategies for managing real operating exposure. (14)

OR

Question 2 A(i) Explain with suitable examples hedging in a forward market (7)

P. T. O.

N413-2

Question 2 A(ii) Write a note on transaction exposure (7)

Question 2 (B) Choose the correct answer: (Any four) (4)

1. Speculators will buy a foreign currency through a forward market deal if:
   (a) future spot rate of that currency is expected to be lower than the forward rate
   (b) future spot rate of that currency is expected to be higher than the forward rate.
   (c) if future spot rate is expected to be equal to the forward rate.
2. The forecast error is
   (a) the difference between the forecast value and the realised value
   (b) the use of an inappropriate method of forecasting
   (c) none of these
3. Translation exposure takes into account
   (a) borrowing and lending
   (b) consolidation of financial statements by the parent unit
   (c) none of these
4. Money market hedge involves
   (a) a position to cover a future payables/receivables position
   (b) going for a forward contract
   (c) going for a futures contract
5. lead means:
   (a) postponing the timing of receipt/payment of foreign currency
   (b) accelerating the timing of receipt/payment of foreign currency
   (c) none of these
6. Technical analysis of forecast is based on:
   (a) past trend
   (b) macroeconomic variables
   (c) behaviour of the speculators

Question 3 (A) Discuss the different strategies of FDI (14)

OR

Question 3 A(i) Discuss the basic problems that mar the optimisation of international investment portfolio. (7)

Question 3 A(ii) Firm A absorbs Firm B on the basis of the following data: (7)

a. Present earnings: Firm A-$ 80,000, Firm B-$ 36,000
b. No. of shares: Firm A- 10,000 and Firm B- 6000
c. EPS: Firm A-$ 8.0, Firm B-$ 6.0
d. Market price of shares: Firm A-$ 40.0, Firm B-$ 21.0
e. Price-earning ratio: Firm A-5.0, Firm B-3.50

Find out the gain to Firm A if the consideration price is $24.0 per share.

Question 3(B) Choose the correct answer: (Any Three) (3)

1. UNCTAD's code issued in 1983 for the control of MNCs is related to:
   (a) transfer of technology
   (b) prevention of restrictive practices.

N413-3

(c) both of the above.

2. Cost of new debt:
   (a) includes floatation cost
   (b) does not include floatation cost
   (c) does not include taxes
3. Investment proposal is accepted if:
   (a) break-even salvage value is greater than the actual salvage value
   (b) break-even salvage value is lower than the actual salvage value
   (c) none of these
4. Arbitration is adopted:
   (a) prior to any negotiation
   (b) after negotiation fails.
   (c) after legal course of action fails.
5. Optimal portfolio investment means:
   (a) highest return with a given risk.
   (b) lowest return with a given risk.
   (c) lowest return with the highest risk

Question 4 (A) What are Euro-equities? Describe the procedure of issuing Euro-equities. (14)

OR

Question 4A(i) 'Interest-rate collars are a combination of interest-rate caps and interest-rate floors'. Discuss (7)

Question 4A (ii) Describe the different modes of internationalisation of banks. (7)

Question 4(B) Choose the correct answer: (Any Three) (3)

1. MIGA:
   (a) is a sister institution of the World Bank
   (b) is an insurance agency of the US Government
   (c) none of these
2. Foreign Investment Advisory Services (FIAS) is meant for:
   (a) providing equity finance
   (b) providing technical advice to member countries
   (c) none of these
3. Setting up a bank consortium means:
   (a) an organisation of two or more banks.
   (b) a single bank
   (c) none of these
4. In a receiver swaption, the buyer exercises the option and locks itself to:
   (a) higher rate of interest
   (b) lower rate of interest
   (c) none of these
5. Credit risk is concerned with
   (a) liquidity risk
   (b) default risk
   (c) none of these

X ———— X