

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2023
(Fifth Semester)

Branch – **COMMERCE (FINANCIAL SYSTEM)**

FINANCIAL DERIVATIVES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

1. Which of the following is not a financial derivatives.

(i) Stocks	(ii) Futures
(iii) Forward	(iv) Forward contract
2. Choose the contract that requires the investor to buy securities on a future date is called?

(i) Short contract	(ii) Long contract
(iii) Hedge	(iv) Cross
3. Futures contracts that are regularly traded on the ____

(i) Chicago Board of Trade	(ii) New York Stock Exchange
(iii) American Stock Exchange	(iv) Chicago Board of Options Exchange
4. Identify the elimination of riskless profit opportunities in the futures market.

(i) Hedging	(ii) Arbitrage
(iii) Speculation	(iv) Diversification
5. Find the amount paid for an option.

(i) Strike price	(ii) Premium
(iii) Discount	(iv) Commission
6. What is the option that can be exercised at any time up to maturity is called a

(i) Swap	(ii) Stock option
(iii) European Option	(iv) American option
7. Choose a swap that involves the exchange of a set of payments in one currency for a set of payments in another currency is a

(i) Interest rate swap	(ii) Currency swap
(iii) Swaptions	(iv) National swap
8. What is most common type of interest rate swap is

(i) the plain vanilla swap	(ii) the basic swap
(iii) swaption	(iv) notional swap
9. Which of the following forms of Redressal forums set up for grievance redressal ?

(i) District forum	(ii) State Commission
(iii) National Commission	(iv) All of the above
10. When a person registered as a stock broker fails to deliver any security, he is liable to a penalty of

(i) More than Rs. 1 lakh	(ii) Upto Rs. 1 lakh
(iii) More than Rs. 10 lakh	(iv) Upto Rs. 10 lakh

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

- 11 a. Narrate the functions of derivatives.
(OR)
b. Explain the significance of derivatives and risk associated with derivatives markets.
- 12 a. State the basic concepts of Currency futures.
(OR)
b. How foreign exchange risk is hedged?
- 13 a. How does trading and settlement takes place in options?
(OR)
b. Show how option can be used to hedge planned purchase of share in the futures.
- 14 a. State the features of swaps?
(OR)
b. Describe the factors that motivate the use of Interest rate swaps.
- 15 a. Analyze the various types of risks of the Investors in the Derivatives Market?
(OR)
b. Summarise the need for investors protection?

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

16. Elucidate the origin of derivatives trading in India.
17. Distinguish between Stock future and Index future.
18. Enumerate the various types of Margins in Options?
19. Explain the features and uses of Swaps with example.
20. Examine the Investors' Grievances against listed companies and BSE's trading members?

Z-Z-Z

END

PSG COLLEGE OF ARTS & SCIENCE
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BCom DEGREE EXAMINATION MAY 2023
(Sixth Semester)

Branch – COMMERCE (FINANCIAL SYSTEM)

DISCIPLINE SPECIFIC ELECTIVE –II: PORTFOLIO MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

- 1 An investor invests in assets known as a.
(i) Securities (ii) Block of Assets
(iii) Portfolio (iv) Shares
- 2 Security Analysis is a process of estimating individual securities.
(i) Return and risk (ii) Risk and correlation
(iii) Return and co-efficient (iv) Correlation and co-efficient
- 3 Which analysis provides a simplified picture of price behaviour of shares?
(i) Fundamental (ii) Technical
(iii) Ratio (iv) Fund flow
- 4 The stage of start up of an industry.
(i) Pioneering (ii) Rapid growth
(iii) Maturity (iv) Decline
- 5 The random walk hypothesis is most related to the:
(i) Strong-form EMH (ii) Semistrong-form EMH
(iii) Semiweak-form EMH (iv) Weak-form EMH
- 6 Elliot Wave Theory was introduced in the year
(i) 1928 (ii) 1930
(iii) 1932 (iv) 1934
- 7 Which model assists in the selection of the most efficient by analyzing various possible portfolios of the given securities?
(i) Interior Approach (ii) Golden Approach
(iii) Walter Approach (iv) Markowitz Approach
- 8 In the context of the Capital Asset Pricing Model (CAPM) the relevant risk is.
(i) Unique risk (ii) Systematic risk
(iii) Unsystematic risk (iv) Variance of risk
- 9 The art of changing the mix of securities in a portfolio is called as portfolio.
(i) Vision (ii) Repeat
(iii) Revision (iv) Mission
- 10 Portfolio ----is the last step in the process of portfolio management.
(i) Valuation (ii) Evaluation
(iii) Revision (iv) Repeat

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 7 = 35)

- 11 a. Identify the elements of risk.
OR
b. Bring out the difference between systematic risk and unsystematic risk.
- 12 a. Design the industry life cycle.
OR
b. Explain about financial statement analysis.
- 13 a. Bring out the limitations of random walk theory.
OR
b. Explain about market indicators.
- 14 a. Narrate the assumptions of the sharp index model.
OR
b. Sketch out the problems on CAPM.
- 15 a. Bring out the need of portfolio revision.
OR
b. Outline the constraints of portfolio revision.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks

(3 x 10 = 30)

16. Summarize the evaluation of portfolio management.
17. Enumerate the factors should be considered by the investor regarding an industry.
18. Examine in detail about the Dow theory and how it might be used to determine the direction of the stock market.
19. Describe the Markowitz model with the suitable illustrations.
20. Discuss about the evolution perspective of portfolio revision.

Z-Z-Z

END

PSG COLLEGE OF ARTS & SCIENCE
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BCom DEGREE EXAMINATION MAY 2023
(Sixth Semester)

Branch – COMMERCE (FINANCIAL SYSTEM)

FINANCIAL SERVICES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

- 1 The important goal of the financial service industry is to mobilise and allocate
(i) Employees (ii) Markets (iii) Savings (iv) Deposits
- 2 Financial services are
(i) tangibility (ii) intangibility
(iii) not customer oriented (iv) unperishable
- 3 The small investor's gateway to enter into big company is
(i) Equity shares (ii) Debentures
(iii) Preference shares (iv) Mutual fund
- 4 The venture capital is originated in
(i) India (ii) France (iii) Britain (iv) USA
- 5 The early growth of merchant banking in India is assigned to
(i) Foreign Exchange Regulation Act (ii) Securities Contract Act 1973
(iii) Income Tax Act (iv) FEMA
- 6 Buying a company's accounts receivable on a non-recourse basis is known as
(i) Trading (ii) Billing (iii) Factoring (iv) Discounting
- 7 The asset generally not suitable for securitization is
(i) Receivable from government department
(ii) Trade receivables
(iii) Hire purchase finance from receivables
(iv) Mortgage loan
- 8 Which of the following regulates credit rating agencies in India?
(i) RBI (ii) NSE (iii) SEBI (iv) ICAI
- 9 A person appointed by a stock broker to assist him in the business of securities trading is called
(i) Sub-broker (ii) Commission broker
(iii) Authorised clerk (iv) Tarawaniwala
- 10 The services mainly provided to foreign investor is
(i) Custodial services (ii) Financial services
(iii) Factoring services (iv) Banking services

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

- 11 a) Narrate the concept of financial services.
OR
b) State the various economic environment of financial services.
- 12 a) Explain the various forms of Venture Capital Assistance in India.
OR
b) Bring out the different benefits of Mutual funds.
- 13 a) Describe the detailed note on Merchant Banking in India.
OR
b) Classify the different forms of factoring.
- 14 a) How is credit rating advantageous to the issuers of financial securities? Explain.
OR
b) Summarise the various problems faced by Credit Rating Agencies.
- 15 a) Outline the eligibility criteria of stock brokers.
OR
b) Show the various responsibilities of a custodian.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

- 16 Analyse the different stages in the growth of financial services in India.
- 17 Discuss the present state of the Mutual funds in India.
- 18 Examine the various types of merchant bankers.
- 19 Highlight clearly the various benefits of Securitisation.
- 20 Discuss in detail the various functions performed by stock brokers.

Z-Z-Z

END