

Question Bank.

Attempt any four questions. All carry equal marks.

Q1. Elucidate the different financial markets. What are the advantages and issues associated with each?

Q2. Explain Derivatives as one form of financial instruments. In this context how far options are better than forwards. Give example.

Q3. "The beauty of Preferred Habitat Hypothesis not only lies in combining the best aspects of the other two hypothesis but also in explaining the shape of the yield curve". Comment.

Q4. Explain the different types of lags that hinder monetary policy especially in India.

Q5. Assuming market interest rate to be 9 per cent determine price and maturity of. a. A Rs10,000 face value T Bill that matures in one year and. b. A Rs 1000 corporate bond with coupon rate 10 per cent and matures in one year

Q6. "A long/short-call option hedges one from price rise/ fall but at the same time restrict losses in case pf price fall/ rise". Explain.