**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

**M.Com – IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2023**

**(Examination conducted in May 2023)**

**MCODEF0420 - Financial and Commodity Markets**

Time- 2 ½ hrs Max Marks-70

**This paper contains \_\_\_\_ printed pages and FOUR parts**

**Section A**

I. Answer any **Ten**of the following  **(2 X 10 = 20 marks)**

1. Mention any two features of over-the-counter market.
2. What is peak margin?
3. State the meaning of unsystematic risk.
4. What are Index Futures?
5. Mention any two types of membership as per commodity exchange.
6. What is Put call parity?
7. What is liquidity risk?
8. Expand MCX and NCDEX.
9. What are Exotic options?
10. Mention two bullion and two base metal commodities futures contracts traded in India.
11. What is derivative?
12. Mention any two Spot Exchange in India.

**Section B**

II. Answer any **three** of the following **(5 x 3 = 15 marks)**

1. Briefly explain the types of financial derivatives
2. Discuss the types of order.
3. Briefly describe the importance of MCX or NCDEX in India.
4. Write a short note on binomial model.
5. Briefly explain the types of settlements in futures contract.

**Section C**

III. Answer any **two** of the following **(10 x 2 = 20 marks)**

1. Discuss the functions of NSCCL.
2. Explain the types of options strategies.
3. Explain the factors contributing to the growth of commodity derivative market.

**Section D**

IV **Answer the following (1 X 15 = 15 marks)**

1. Mr. Ranjit is an Aluminium trader is Surat. He borrows money at 2.5% interest for 6 months to buy Aluminium in spot market for Rs. 2,10,000 (1 MT) on 01/01/2022 assuming that the price will increase in the future and he has an intension to sell it in the month of June to his customer. He found that MCX has launched an Aluminium futures contract with a trade unit of 1 MT, maximum order of 10 MT and trade symbol as ALUMINI. Mr. Ranjit enters into Aluminium June month futures contract for Rs. 2,10,000 (1 MT) on 01/01/22. In the month of June, the spot price of Aluminium is Rs. 180 per kg on 30/06/22. Let’s assume the commission charged is Flat ₹ 200 or 2.5% (whichever is lower) per executed order.
2. What position Mr. Ranjit has taken in futures market to minimise his risk in spot market and What is the maximum number of contract Mr. Ranjit is allowed to enter? (3 Marks)
3. What is his net pay off for each futures contract? (6 marks)
4. What is his Net profit or loss in this situation after considering spot and futures market? (6 marks)

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