Name: Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

Online End Semester Examination, December 2020

Course: Risk Management & Insurance Semester: III Programme: MBA (Power Management) Time: 180 hrs Max. Marks: 100						
Instruct						
Section-A						
S. No.	Attempt any 6 questions	Marks	CO			
Q1	What is the difference between Uncertainty and Risk?	5	CO2			
Q2	What is risk register?	5 CO1				
Q3	Distinguish between exposure and risk	5	CO1			
Q4	What is the difference between standalone risk and portfolio risk?	5	CO2			
Q5	One year interest rates in US and India are say 5% and 10% respectively and the spot rate of USD in India is Rs. 43. Then one year USD/INR futures fair value is: (a) Rs. 41.25 (b) Rs. 43.70 (c) Rs. 45.20 (d) Rs. 41.63	5	CO2			
Q6	What are the determinants of currency option premium	5	CO3			
Q7	Arbitrage is a strategy of taking advantage of between two markets. (a) Price differential (b) theoretical prices (c) Interest rate differential (d) timing	5	CO2			
	SECTION B					
S.No.	Attempt any five questions					
Q 1	Explain how currency forwards can be used to hedge the risk in foreign exchange deals.		CO2			
Q2	Explain the process of Project Risk Management.	10	CO4			
Q3.	A 2-month call option on an asset with strike price of Rs 2,100 is selling for Rs 140 when the share is trading at Rs 2,200. Find out the following: i) What is the intrinsic worth of the call option? ii) Why should one buy the call for a price in excess of intrinsic worth?	10	CO1			

Q4.	iii) Under call? iv) At what even? v) If the part holder vi) What is the ass of the call? i) What is the mire Explain. ii) What is put call.	10	CO2		
Q5.	What are the functions of swap/intermediary banks				CO1
Q6.	Explain Transaction, Translation & Economic exposure.			10	CO3
S.No.	Attempt any one		ION-C		
Q1.	Firm X Firm Y Another bank as arrangement for rate would fall as feels otherwise as	Fixed rate Market 12% 11% tting as swap intermedia a fee a 5 bps from each fend hence, wants to raise and likes to raise funds on the petween two parties? What	ring to raise finance of Rs 100 ring loans by a bank Floating rate Market MIBOR +70 bps MIBOR+30 bps ry is willing to work out a swap firm Firm X believes that interest funds in the floating rate basis. Y fixed interest rate basis. What swap at would be the saving in financing	20	CO4
Q2.	Given the follow	ing information about an	asset:	20	CO4

Current Market Price: Rs 50, Annual Volatility: 30%, Risk Free Interest Rate for 3months: 10%	
Find out the value of 3-month call option with strike prices of (a) Rs 40; (b) Rs 50 and (c) Rs 60. What are the intrinsic and time value of the calls?	