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(Pages: 2)

Name: .....

Reg.No: .....

**SIXTH SEMESTER B.A. DEGREE EXAMINATION, APRIL 2024**

(CBCSS - UG)

(Regular/Supplementary/Improvement)

**CC19U ECO6 B11 - FINANCIAL ECONOMICS**

(Economics - Core Course)

(2019 Admission onwards)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 4

**Part A** (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. What are the different aspects of financial economics?
2. Write a few words on Present value of money
3. What are the different types of Annuity?
4. What is advantages and dis advantages of profitability index
5. Distiguish between commercial paper and certificate of deposit.
6. What do you mean by issue price?
7. What is meant by expected return?
8. List of the main significance of cost of capital.
9. What is the taxonomy of cost of capital ?
10. What do you mean by cost of preference shares?
11. What do you mean by arbitrageurs?
12. What is meant by trading catalyst?
13. What do you mean by maintenance margin?
14. What do you mean by short selling?
15. Define open interest.

**(Ceiling: 25 Marks)**

**Part B** (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. Explain the procedures that may be adopted in preparing capital budgeting.

17. Explain the different types of short term and long term government fixed income securities.
18. How the interest rate influences the market price of bonds and debentures? Explain with example.
19. Explain the beta measurement if the number of returns is more than one.
20. What are the advantages and disadvantages of preference shares?
21. What are the important risks associated with derivative instruments.
22. Explain the different types of settlement in derivative market.
23. Explain the different types of risk in derivatives trading.

**(Ceiling: 35 Marks)**

**Part C (Essay questions)**

Answer any *two* questions. Each question carries 10 marks.

24. Discuss the different types of risk in bond valuation.
25. Analyse and explain how the Bonds, Debentures and shares or stocks are affected?
26. How the weighted average cost of capital calculated? What is its importance?
27. What is cost of equity? Write a detailed note on the approaches available for computation of cost of equity.

**(2 × 10 = 20 Marks)**

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