20U640 (Pages: 2) Name: ....

Reg.No: ....

SIXTH SEMESTER B.A. DEGREE EXAMINATION, APRIL 2023

(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. Distinguish between risk and uncertainty.
2. What are the three types of discounting technique?
3. What is multiple compounding period?
4. What do you mean by profitabilty index?
5. Define the fixed income securities.
6. What do you mean by Intrinsic value?
7. What you mean by market portfolio
8. What is meant by cost of retained earnings?
9. Define capital asset pricing model.
10. What you mean by weighted average cost of capital?
11. Enlist the players of derivatives
12. What you mean by speculators?
13. What you mean by interest rate futures?
14. Define option seller.
15. Distinguish between payoff call option and payoff put option.

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. Explain the different methods of capital budgeting .
17. Explain the different types of short term and long term government fixed income securities.

18. Higher the return,higher will be the risk.In this context discuss the various risks associated with investment.

19. Expalin the difference between risk and uncertainty.

20. What is retained earnings and its advantages?

21. Discuss the disadvantages of foreward contract.

22. What is meant by Put-Call parity? Explain the importance of put-call parity.

23. Explain the features of forward and future contract.

(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. Define risk. What are the different types of risk which influences investment?

26. Explain the different statsitcal tools used to measure the risk involved in particular security.

27. Explain how option can be used to hedge the value of a stock holding against decline in share prices.

(2 × 10 = 20 Marks)

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