23U639 (Pages: 2) Name: ....

Reg.No: ....

SIXTH SEMESTER B.A. DEGREE EXAMINATION, APRIL 2026

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19UECO6B11 - 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 three types of discounting technique?
2. What are the different types of Annuity?
3. What do you mean by invest descision?
4. Distinguish between net present value and profitability index.
5. Distinguish between callable and puttable bond.
6. What is default yield?
7. What are the two important types of risk?
8. What is meant by cost of retained earnings?
9. Distinguish between dividend yield and dividend yield plus growth approach.
10. What are the classifications of cost of debt?
11. What do you mean by hedgers?
12. Distinguish between liquidity risk and legal risk.
13. What do you mean by contract cycle?
14. Importance of put and call parity.
15. What do you mean by commodity swap?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. Explain the difference between financial economics and economics

17. Beta is a measure of volatility of a securitys return. Explain.

18. Explain the risk - return trade off with examples.

19. Explain the beta mesurement if the number of returns is more than one.

20. What is retained earnings and its advantages?

21. What are the benefits of trading in futures and options?

22. Compare the cost of carry model and expectancy model of future pricing.

23. Explain the different economic functions of derivatives.

(Ceiling: 35 Marks)

Part C (Essay questions)

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

24. Evaluate the different types of fixed income securities.

25. Analyse and explain how the Bonds, Debentures and shares or stocks are affected

26. 'Investment is nothing but risk taking'. Justify this statement with example. How such risk can be avoided?

27. Evaluating capital budgeting proposals without cost of capital is not possible'. Discuss.

(2 × 10 = 20 Marks)

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