

22U639

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Name :

Reg. No :

SIXTH SEMESTER B.A. DEGREE EXAMINATION, APRIL 2025

(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. Write the basic principles of financial valuation introduced by financial economics.
2. What is Annuity?
3. What do you mean by discounted cash flow method?
4. What do you mean by internal rate of return?
5. What you mean by junk bonds?
6. What you mean foreign exchange risk?
7. What is meant by earning per share?
8. What is meant by cost of equity capital?
9. What you meant by earning yield approach?
10. What you mean by cost of preference shares?
11. Mention the types of settlement in derivative market in india.
12. What you mean by future contract?
13. What you mean by short selling?
14. How many types options are there?
15. Different types of SWAP contracts in derivatives.

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. Find the future value of annuity if Rs. 500 invested at 14% every year for 7 Years.
17. What are the classification of fixed income securities?

18. Write a short note on systematic and unsystematic risk in connection with investment.
19. Compare the standard deviation and beta calculation methods for measure the risk in securities
20. Explain the different types of cost of capital on the basis of nature and usage.
21. Explain common types of derivatives?
22. Explain credit risk associated with a forward contract.
23. What is meant by Swaps? Explain the different types of Swap contracts in derivatives.

(Ceiling: 35 Marks)

Part C (Essay questions)

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

24. Discuss the merits and limitations of the dividend discount model to valuation.
25. Analyse and explain how the Bonds, Debentures and shares or stocks are affected.
26. Explain the different statistical tools used to measure the risk involved in particular security.
27. What is meant by Security market line and Capital market line? Elucidate Security Market Line & capital Market Line with Diagram.

(2 × 10 = 20 Marks)
