

D 53905

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Name.....

Reg. No.....

**FIRST SEMESTER P.G. DEGREE EXAMINATION
NOVEMBER 2023**

(CCSS)

Financial Economics

FEC 1C 04—BASIC FINANCIAL ECONOMICS

(2022 Admissions)

Time : Three Hours

Maximum : 50 Marks

Part A (Multiple Choice Questions)*Answer all questions.**Each question carries 1 mark.*

1. Financial derivatives are mainly used for :
 - (a) Hedging risk.
 - (b) Creating more risk.
 - (c) Earning income.
 - (d) Speculation activities.
2. An order for the purchase of securities of a fixed price is known as _____.
 - (a) Open order
 - (b) Limit order.
 - (c) Stop loss order.
 - (d) None of these.
3. Bonds issued at a discount and redeemed at face value :
 - (a) Mortgage bonds.
 - (b) Convertible bonds.
 - (c) Zero Coupon bonds.
 - (d) Option bonds.
4. Certificate of deposits were introduced in the Indian market in :
 - (a) 1989.
 - (b) 1987.
 - (c) 1990.
 - (d) 1991.
5. This ratio of financial assets to physical assets in the economy is known as _____.
 - (a) New issue ratio.
 - (b) Finance ratio.
 - (c) Financial Interrelation ratio.
 - (d) Intermediation ratio.

(5 × 1 = 5 marks)

Turn over

Part B (Very Short Answer Questions)

*Answer in one **or** two sentences each.*

*Answer any **five** questions.*

Each question carries 1 mark.

6. Venture Capital Funds.
7. Mutual Funds.
8. Listing of securities.
9. MMMFs.
10. Financial Ratio.
11. Financial Engineering.
12. What are the functions of Non Banking Financial Intermediaries ?
13. Compare and contrast IPO and FPO.

(5 × 1 = 5 marks)

Part C (Short Answer Questions)

*Answer any **six** questions.*

Each question carries 4 marks.

14. Explain the role of Credit rating agencies in India.
15. Distinguish between Options and Futures
16. Discuss the objectives and functions of SEBI.
17. Explain the importance of small savings in India and discuss the important characteristics of the small savings.
18. What is second generation of reform ? Explain it in the context of India.
19. Write a short note on the depository and custodial services.
20. Analyse the various methods of raising new issues.
21. Discuss the cautionary view of the role financial system in development.
22. What is Merchant Bank ? Explain the various activities or services provided by the merchant banks.

(6 × 4 = 24 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.
Each question carries 8 marks.*

23. Critically examine the financial sector reforms in India. What are the future challenges for development of Indian financial system ?
24. State the various kinds of financial derivatives.
25. Describe the theories of the impact of financial development on savings and investment.
26. Describe the structure of financial system and its role in the economic development of a nation.

(2 × 8 = 16 marks)