

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2025
2020, 2021, 2022 ADMISSIONS SUPPLEMENTARY
ECONOMICS SEMESTER IV - ELECTIVE COURSE
EC4E07TM20 - Financial Economics

Time : 3 Hours**Maximum Weight : 30****Part A****I. Answer any Eight questions. Each question carries 1 weight****(8x1=8)**

1. Write a note on Loan Amortization.
2. Explain the different types of Annuities.
3. Explain zero coupon bonds.
4. Define real interest- rate parity.
5. Identify three main tools of economic analysis.
6. What is security analysis ?
7. Examine the basic techniques for reducing risk.
8. Highlight the Assumptions in the Arbitrage Pricing Theory.
9. Call Option.
10. Put option.

Part B**II. Answer any Six questions. Each question carries 2 weight****(6x2=12)**

11. Explain annuity and Types of Annuities.
12. Discuss the nature of project analysis.
13. How Does Arbitrage Work?
14. Briefly explain stock valuation and examine various types of stock valuation.
15. What are the different types of industries?
16. Why is estimation of growth rate importance?
17. Examine the three dimensions of risk transfer.
18. Give an account of the origin of future trading.

Part C**III. Answer any Two questions. Each question carries 5 weight****(2x5=10)**

19. Explain the method and technique of capital budgeting.
20. Briefly explain Discounted-Dividend Model.
21. Briefly explain Modern Portfolio Theory of Markowitz.
22. Give a detailed account of the binomial model.