MA DEGREE EXAMINATION MAY 2026

(Fourth Semester)

Branch – **ECONOMICS**

MAJOR ELECTIVE COURSE – II FINANCIAL ECONOMICS

Time: Three Hours Maximum: 75 Marks

SECTION-A

Answer **ALL** questions

ALL questions carry **EQUAL** marks **(10 x 1 = 10)**

Module No.	Question No.	Question	K Level	CO
1	1	Economic growth is most commonly measured by --------. a) Consumer Price Index (CPI) b) Gross Domestic Product (GDP) c) Balance of Payments (BOP) d) Foreign Exchange Rates	K1	CO1
	2	The main function of secondary markets is to ------------. a) Provide liquidity and price discovery for securities b) Issue new securities to raise capital for companies c) Manage foreign exchange rates d) Regulate monetary policy	K2	CO1
2	3	Single Present Value refers to --------------------. a) The value of multiple future payments at today's value b) The present value of a single lump-sum payment received in the future c) The total of recurring fixed payments over time d) The total interest earned on an investment	K1	CO2
	4	Zero-coupon bonds ----------------------. a) Pay no interest during the life of the bond b) Provide fixed periodic interest payments c) Pay dividends instead of interest d) Are always sold at a premium	K2	CO2
3	5	Convertible markets are associated with ------------------. a) Trading in foreign exchange options b) Securities that can be converted into other forms, such as bonds to stocks c) Real estate transactions d) Commodity futures contracts	K1	CO3
	6	In a swap market, a swap is typically ----------------. a) An agreement to exchange cash flows between two parties b) The buying and selling of physical commodities c) A loan with fixed interest payments d) A government bond with variable interest	K2	CO3
4	7	Credit rating agencies are responsible for ------------. a) Assessing the creditworthiness of issuers of debt securities b) Setting interest rates for banks c) Regulating stock exchanges d) Issuing government bonds	K1	CO4
	8	Fitch Group is known for --------------------. a) Providing credit ratings, research, and risk analysis b) Offering consumer banking services c) Managing investment funds for pension plans d) Trading commodities like oil and gold	K2	CO4

Cont...

5	9	b) Long-term debt instruments that pay interest c) Short-term money market instruments d) Government bonds issued by the central bank	K1	CO5
	10	In NSDL, securities are held in --------------------. a) Physical paper certificates b) Electronic form in demat accounts c) Safe deposit boxes at banks d) Mutual fund accounts	K2	CO5

SECTION - B (35 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the structural of Financial Markets.	K1	CO1
		(OR)		
	11.b.	What are the relationship between primary and secondary market?		
2	12.a.	List out the advantages of Credit rate instruments.	K2	CO2
		(OR)		
	12.b.	Classify the four types of credit market instruments.		
3	13.a.	Examine the factors determining option price.	K4	CO3
		(OR)		
	13.b.	Classify the types of options.		
4	14.a.	Analyze the functions of credit rating agencies.	K4	CO4
		(OR)		
	14.b.	Examine the functions of CRISIL.		
5	15.a.	List out the importance of public borrowing.	K3	CO5
		(OR)		
	15.b.	Explain the Role of NSDL.		

SECTION -C

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks **(3 × 10 = 30)**

Module No.	Question No.	Question	K Level	CO
1	16	Explain the functions of Financial markets.	K2	CO1
2	17	Explain the importance of coupon bond, discount bond.	K4	CO2
3	18	Identify different types of debentures.	K3	CO3
4	19	Explain the approaches of credit rating agencies.	K5	CO4
5	20	Analyze the functions of NSDL.	K4	CO5

Z-Z-Z END