ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27
M.A. ECONOMICS - III SEMESTER
SEMESTER EXAMINATION: OCTOBER 2019
EC9518: FINANCIAL ECONOMICS

Time- 2 1/2 hrs   **Max Marks-70**

This paper contains 1 printed page and three parts

PART A: Answer any FIVE of the following   2 X5=10

1. State the Friedman-Savage Hypothesis.
2. Define portfolio risk.
3. Differentiate between commercial bank and NBFCs.
4. Define securitisation.
5. List any two problems associated with expected values.
6. State the functions of stock exchanges.
7. What is meant by dematerialization?

PART B: Answer any THREE of the following   10 X3 = 30

8. Explain the various instruments of money market in India.
9. Write a note on arbitrage pricing theory.
10. Describe the different methods of project evaluation.
11. Write a short note on equity markets. Also, state the various methods to raise equity.
12. State the assumptions in capital asset pricing model (CAPM). Also, derive the equation for CAPM with the help of diagrams.

PART C: Answer any TWO of the following   15 X2 = 30

13. What is meant by leverage? Explain the Modigliani – Miller Theorem under tax and information asymmetry in the context of capital structure theories.
14. State the axioms and explain the Von Neumann- Morgenstern method of measuring utility.
15. Write a note on the Global Financial Crisis of 2008-09.