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| **Date:**  **Registration number:** |

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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU-27**

**B.SC. ECONOMICS - VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

**(Examination conducted in July 2022)**

**ECS DE 6218 - Financial Markets and Institutions**

**Time- 2.5 hrs                                                                 Max Marks-70**

**This question paper contains 1 printed page and THREE parts**

**Part A**

**Answer any 10 questions                                                                    (3 x 10= 30)**

1. Differentiate between risk and uncertainty.
2. What is reflection effect?
3. What is a compound lottery?
4. Define portfolio and portfolio weight.
5. What is a coupon bond?
6. What is a factor replicating portfolio?
7. What is the tax shielding advantage of debt?
8. Mention the assumptions of Modigliani Miller theorem.
9. What is agency cost of outside equity?
10. What is a money market? Mention few money market instruments.
11. Distinguish between primary and secondary market.
12. What is rights issue?

**Part B**

**Answer any 2 questions                                                                         (5 x2= 10)**

1. Explain St. Petersburg paradox.
2. Write a short note on arbitrage pricing theory.
3. Briefly explain the functions of SEBI.

**Part C**

**Answer any 2 questions                                                                      (15 X 2= 30)**

1. State and prove the expected utility theory.
2. State the assumptions and explain the capital asset pricing model.
3. Explain the different methods of raising capital in a primary market.