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 5 of the following questions   **2x5=10 marks**

1. State St. Petersburg paradox.
2. What is arbitrage?
3. What are derivatives?
4. What are swaps?
5. Mention two functions of commercial banks.
6. What are Basel norms?
7. What is dematerialization?

Part B: Answer any 3 of the following questions   **10x3=30 marks**

8. State the axioms and explain Von-Neumann-Morgenstern theory.
9. Write a note on Arbitrage Pricing theory**.**
10. Write down the assumptions and explain the Modigliani Miller theorem.
11. Explain the methods of raising equity.
12. Discuss the financial crisis of 2008-09. How it has affected the Indian economy?

Part C: Answer any 2 of the following questions   **15x2=30 marks**

13. Detail the assumptions and explain the CAPM. What according to you are the major criticisms of this model?
14. Describe two methods of project evaluation other than NPV. Discuss the weaknesses of these methods compared to NPV.
15. Write a note on commercial banks in India along with the problems they face.