



Reg. No. :

Name :

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Suppl./Imp.)
Examination, November 2016
ECONOMICS/DEVELOPMENT ECONOMICS
ECO 3C13 : Financial Economics
(2014 Admission Onwards)

Time : 3 Hours

Max. Marks : 60

PART - A

Answer **all** questions. **Each** question carries ½ marks.

1. A lease agreement which involves the sale of an asset already owned by the firm (vendor) and leasing out the same asset back to the vendor from the buyer.

| | |
|--------------------|------------------------|
| a) Straight lease | b) Modified lease |
| c) Financial lease | d) Sale and lease back |
2. The process of selecting the optimal portfolio from among all feasible portfolios

| | |
|------------------------|------------------------|
| a) Portfolio selection | b) Portfolio strategy |
| c) Portfolio revision | d) Portfolio execution |
3. A call option provides the right to buy a specified share at a specified price called _____ price during a period of time or at a point of time.

| | |
|-----------------|--------------------|
| a) Strike price | b) Retail price |
| c) Call price | d) Arbitrage price |
4. The ultimate economic function of financial derivatives (forwards, futures, swaps etc.) is to

| | |
|--|--|
| a) Provide means of increase return | b) Provide means to risk reduction |
| c) Provide means to settle the contracts | d) Provide means to increase marketability |

