

Parvatibai Chowgule College of Arts and Science
Autonomous

B.A. /B.Sc. Semester End Examination, Jan/Feb 2022

Semester: I/III

Subject: Economics

Title: Financial Investment for All (GEC)

Time: 2 Hours

Max. Marks: 60

Instructions to the Candidate:

1. Question No. 1 is **compulsory**.
 2. Answer **ANY FOUR** questions from Question No. 2 to Question No. 7
 3. All questions carry equal marks.
 4. Figures to the right indicate marks allotted.
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Q.1. “Financial institutions across the world are monitoring and dealing with the effects of the COVID-19 pandemic. They are working to understand the immediate challenges to society and economies, and the long-term impact on the interconnected financial system. They are using their expertise to help themselves and their customers to make good decisions in today’s highly volatile operating environment.” Give your comments on overall understanding of this course. (12)

Q.2. “India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets, competition and various services sectors.” With reference to this statement explain the components of Indian financial system. (12)

Q.3. “A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.” Comment (12)

Q.4. “Corporate actions are actions taken by a company that impact the shareholders’ value directly.” With help of an illustration explain different types of corporate actions announced by a company. (12)

Q.5. Compare and contrast the four types of derivatives that can be traded in the Indian stock market. (12)

Q.6. A. “Mutual Fund investments are subject to market risk.” Is a mutual fund a good investment? Are mutual fund investments only subject to market risks? (6)

B. Calculate EMI for the following loan amount borrowed by Mr. Raj. (6)

- a. Loan amount Rs. 2, 50,000/- , rate of interest per annum 4%, Repayment period 5 years.

- b. Loan amount Rs. 12, 00,000/- , rate of interest per annum 8.75%, Repayment period 20 years.

Q.7. A. With the help of neat labelled diagram explain how funds flow in the financial system.

(6)

B The securities market has two interdependent and inseparable segments, viz., the primary market and secondary market. Explain

(6)
