(c) Net asset value (NAV)

(d) Types of financial derivatives

(e) Retained Earnings

[This question paper contains 4 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 4961 **J**

Unique Paper Code : 2924000023

Name of the Paper : Introduction to Finance

Name of the Course : **Generic Elective**

Semester : IV/VI

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll. No. on the top immediately on receipt of this question paper.
2. This paper contains **6** questions.
3. Attempt **ANY FIVE** questions.
3. All questions carry equal marks

1. "A Financial system is a well–integrated system whose parts interact with each other." Explain the statement and discuss the components and functions of financial system. (18)

2. (a) Profit maximization goal is a better criterion than wealth maximisation goal of financial decision making. Do you agree? Explain. (9)

   (b) A sum of Rs. 5,000 today is invested at an annual interest rate of 8%, compounded yearly. What will be the amount after 3 years? Also, explain the importance of time value of money in investing. (9)

3. Compare Technical and Fundamental Analysis. Discuss the different types of charts used in Technical Analysis for predicting future price movements. (18)

4. (a) Describe the evolution of the International Monetary System. How did the changes in the monetary system impact global trade and finance? (9)

   (b) Discuss the role of exchange rate quotations in international business transactions.

   How do fluctuations in exchange rates affect the decision-making of multinational companies? (9)

5. (a) "Financial management is more than procurement of funds." Examine in the light of this statement the responsibilities of a finance manager. (9)

   (b) Mr. Arjun is considering two investment proposals. The probability distribution of returns on these two stocks in different market conditions is as follows:

Economic conditions	Probability of occurrence	Rate of Return (%)	
		Stock A	Stock B
1	0.25	8	12
2	0.30	20	25
3	0.25	15	18
4	0.20	5	8

   Based on this information, calculate expected risk and return on both the proposals. Also suggest Mr. Arjun, which investment proposal is better. (9)

6. Write short notes on the following: (Attempt any three) (6×3)

   (a) Agency problem

   (b) Exchange Rate Appreciation