[This question paper contains 3 printed pages]

Your Roll No. : ....

Sl. No. of Q. Paper : **5607** **I**

Unique Paper Code : 2924000023

Name of the Paper : Introduction to Finance

Name of the Course : **Generic Elective**

Semester : IV/VI

Time : 3 Hours ***Maximum Marks : 90***

Instructions for Candidates :

(a) Write your Roll No. on the top immediately on receipt of this question paper.

(b) The paper contains **6** questions.

(c) Attempt any **five** questions.

(d) **All** questions carry equal marks.

(e) The use of a simple calculator and future value and present value tables is allowed.

1. (a) Explain the key characteristics of a financial system. 9

(b) Analyse the role of financial institutions in promoting savings and investment. 9

P.T.O.

2. (a) "Wealth maximisation is a better criterion than profit maximisation." Do you agree? Give reasons. 9

(b) A sum of ₹ 55,650 is deposited today in a bank account at 15% rate of interest per year. What will be the amount after 10 years if interest is compounded annually? Why is the consideration of the time value of money important in investment? 9

3. (a) "There are different sources that contribute to the variation in return from an investment". Elucidate. 10

(b) The risk and return of two projects are shown below: 8

	X	Y
Expected Return	12%	20%
Risk	3%	7%

An investor plans to invest 60% of his available funds in Project X and 40% in Y. The correlation coefficient between the portfolio returns is +1.0.

Find out the risk and return of the portfolio of X and Y. What will be the risk of the portfolio if the correlation is -1?

4. (a) Critically trace the evolution of the International Monetary System, delineating its major institutional phases. 9

(b) Examine the mechanisms underlying exchange rate determination in foreign exchange markets. 9

5. (a) Explain the Economy-Industry-Company (EIC) approach as used in the fundamental analysis. 12

(b) What are the functions of a finance manager? 6

6. Write short notes on any **three** of the following: 6×3=18

(b) Efficient Market Hypothesis

(c) Primary Vs Secondary Markets

(d) Exchange Traded Funds

(e) Retained Earnings

(f) Exchange Rate Quotations

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