B. A. Honours (CBCS)
BAECH

ASSIGNMENTS
(2022-23)

Course Code: BECE-144
Title of Course: Financial Economics

School of Social Sciences
Indira Gandhi National Open University
Maidan Garhi, New Delhi-110 068

Programme Code: BAECH

Course Code: BECE-144

Dear Student,

As explained in the Programme Guide for BAECH, you will have to do one assignment for this Elective course in Economics (BECE-144). This is a Tutor Marked Assignment (TMA) and carries 100 marks.

It is important that you write answers to all the questions in your own words. The TMA is designed to enable you to answer different categories of questions. Here evaluation is made keeping in view your ability to present your answer in a systematic, precise and coherent manner. The assignment is divided into three Sections. All questions are compulsory. Section A comprises two long answer questions of 20 marks each. Section B comprises three questions of 10 marks each while in Section C you have to answer two questions of 15 (5×3) marks each.

Submission: The completed assignments should be submitted to the Coordinator of your Study Centre.

Last date for submission of assignment is:

30th April, 2023   **for the students appearing in June 2023 Term End Examination**
31st October, 2023   **for the students appearing in December 2023 Term End Examination**

BECE-144: FINANCIAL ECONOMICS

Answer all the questions

A. **Long Answer Questions (word limit-500 words)** **2 × 20 = 40 marks**

1) Explain the significance of the financial system. What are important functions of financial institutions?

2) What are the important features of fixed income securities?

B. **Medium Answer Questions (word limit-250 words)** **3 × 10 = 30 marks**

3) Briefly discuss expected utility theory of decision-making

4) Explain the internal and external determinants that affect the formulation of corporate policy.
5) What is Debt Securitisation? Explain risks attached to debt securitization.

C. **Short Answer Questions (word limit 100 words)** **2 × 3 × 5 = 30 marks**

6) Differentiate between:

(a) Allais paradox and Ellsberg paradox.
(b) Forwards and Futures
(c) Systematic risk and non-systematic risk

7) Write short notes on the following.

(a) Hedge Funds
(b) Internal Rate of Return
(c) Hypothesis testing.