## LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.A.** DEGREE EXAMINATION – **ECONOMICS**

SIXTH SEMESTER – **NOVEMBER 2016**

**EC 6602 – FINANCIAL MANAGEMENT**

Date: 16-11-2016 Dept. No. Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer any FIVE questions in about 75 words each: (5*4 =20 marks)

1. Write briefly on the Nature of Business Finance.
2. State the critical responsibilities of financial managers.
3. What do you mean by partnership?
4. State the direct and indirect taxes paid by companies in India.
5. What is meant by secondary market?
6. Define Net Present Value and state the formula for calculating NPV if cash flows are uniform in every year.
7. Write a short note on explicit cost.

PART - B

Answer any FOUR questions in about 250 words each: (4*10 =40 marks)

8. Examine the relationship between Economics and Finance.
9. Discuss the primary goals of financial management.
10. Differentiate between private limited company and public limited company.
11. Briefly explain the various financial instruments in the Indian financial system.
12. Company A is interested in investing a sum of Rs.83,20,000 on plant and machinery and is expected to generate cash inflows of Rs.34,11,000, Rs.40,70,000, Rs.58,24,000 and Rs.20,65,000 at the end of first, second, third and fourth year respectively. At the end of the fourth year, the machinery will be sold for Rs.9,00,000. Calculate the net present value of the investment if the discount rate is 18%.
13. Explain how the cost of capital is classified.
14. Write a note on different financial institutions.

## PART – C

Answer any TWO questions in about 900 words each: (2*20 =40 marks)

15. Explain in detail the various SEBI guidelines regarding Employees Stock Options.
16. Examine in detail the indicators of financial development.
17. Explain in detail the recent industrial policy of the Indian government.
18. Explain with a suitable example the method of calculating of the cost of debt capital and the cost of equity capital and also explain the difference between equity shares and preferential shares.

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