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Reg. No :

Name :

Integrated M.A . Programme in Social Sciences (C.S.S) EXAMINATION, JANUARY 2025

2020 ADMISSIONS REGULAR (ACCELERATED SEMESTER)

SEMESTER VIII - CORE COURSE ECONOMICS

EC08C36IM20 - Financial Economics

Time : 3 Hours

Maximum Weight : 30

Part A

I. Answer any Eight questions. Each question carries 1 weight

(8x1=8)

1. Illustrate synthetic future.
2. What is future contract?
3. Discuss agency costs.
4. List the assumptions of Modigliani Miller theory of irrelevance of capital structure.
5. Briefly state the dividend life cycle.
6. How is stock valued under Gordon model?
7. Interpret crash of 1987.
8. What is an efficient market?
9. What are the applications of VAR?
10. What is takeover?

Part B

II. Answer any Six questions. Each question carries 2 weight

(6x2=12)

11. How is put option different from call option?
12. Explain equity financing.
13. What happens to value of firm when financial distress and agency costs arise.
14. Summarise the dimensions of dividend policy.
15. Distinguish between bonus issue and stock split.
16. Examine market efficiency and costly information.
17. Illustrate the empirical evidences on weak form efficient market hypothesis.
18. Explain the agency theory of merger.

Part C

III. Answer any Two questions. Each question carries 5 weight

(2x5=10)

19. Explain Black Scholes model of option pricing.
20. In a frictionless environment, the total market value of firm is independent of its capital structure. Justify the statement.
21. Analyse dividend irrelevance theory of Modigliani and Miller.
22. Distinguish economic theories of merger from behavioral theories of merger.