

Ex/ECO/A/DSE 10.3/2023(S)

**MASTER OF ARTS EXAMINATION, 2023**

(2nd Year, 2nd Semester, Supplementary)

**ECONOMICS**

**FINANCIAL ECONOMICS AII (CORPORATE FINANCE)**

Time : Two Hours

Full Marks : 30

Answer any two of the following questions:

1. Explain when and how will the capital structure will not affect the value of a firm. How will the result change in the presence of costs of financial distress? 10+5
  2. Using a suitable framework, explain under what circumstances capital structure can work as a signalling device. 15
  3. Write a short note on any two of the following:
    - a. Pecking order hypothesis
    - b. Tax shield
    - c. Bonding & monitoring costs 7.5+7.5
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