

MBA II Year Examination

MP-504- International Financial Management

Time: 3 Hours

Max. Marks: 80

Note: The question paper is divided into three sections A, B & C. Write Answers as per the given instructions.

Section A

(Very Short Answer Type Questions)

Note: Answers all 8 questions. As per the nature of the questions you delimit your answer in one sentence up to 50 words. Each question carries equal marks. (Marks 2x8=16)

1. Why is it important to study International financial Management?
2. Distinguish between forward market and spot market.
3. What is Trade Balance?
4. State the names of World Bank affiliates.
5. What is currency swap?
6. What is IDR?
7. What is Bid rate?
8. What is bid-ask spread?
9. What do you mean by surplus in Balance of trade?
10. Define indirect quote with suitable example
11. Define absolute form of purchasing power parity
12. Which are the different factors which influence foreign exchange rates?
13. What is currency option?
14. Consider the following bid-ask prices: Rs. 60.1353/61.2231/US \$. Find the bid ask spread
15. What do you mean by deficit in Balance of trade?
16. Define direct quote with suitable example
17. What is Cross rate? Explain with suitable example
18. What is International Fisher Effect?
19. What is currency future?
20. What do you mean by foreign exchange risk?

21. What is SDR's?
22. What is international finance?
23. Define the corporate risk management.
24. What is corporate governance?
25. Define the meaning of financial market.
26. What is money market?
27. Distinguish between primary market and secondary market.
28. What is cross border cash flows?
29. Explain the foreign direct investment.
30. Define LSE.
31. Write the of five major stocks trade in NYSE.
32. What is SEAQ?
33. Explain the meaning of BSE and NSE.
34. What are the investment opportunities in India?
35. Define Money Market Investment.
36. Define American Depository Receipts (ADR).
37. Define Global Depository Receipts.
38. Distinguish between ADR and GDR.
39. What is cash management?
40. What do you mean by Centralized Cash Management?
41. What is the participating bank?
42. What do you mean by Syndicated Loan?
43. What do you understand by International Monetary Fund (IMF)?
44. Define the Balance Of Payment (BOPs).
45. Write types of Disequilibrium.
46. What is the meaning of Foreign Exchange Rate?
47. Define the Floating Exchange Rate.

48. What is the Spot Exchange Rate?
49. Explain the Forward Exchange Rate.
50. What is the Real Interest Rate Parity?
51. Explain the concept of Purchasing Power Parity(PPP).
52. What is the meaning of derivatives?
53. What is the interest rate swaps?
54. What do you mean by Protection Policy?
55. Write the difference between unilateral methods and bilateral methods.
56. Define the concept of Foreign Exchange Risk.
56. What do you mean by transaction exposure?
58. What is World Bank?
59. What is International Financial Corporation?
60. What is the International Liquidity?
61. What do you mean by Cost of Foreign Borrowings?
62. Define an Asian development Bank.
63. Define the European Monetary System.
64. Write to Major problem of SDRs.
65. Define Global Foreign Exchange Market.
66. What are the financial intermediaries?
67. What is the Greenfield Investment?
68. What is the main cause of disequilibrium in BOPs of developing countries?
69. What do you mean by Blocked Accounts?

Section B

(Short Answer Type Questions)

Answer any 4 questions. Each answer should not exceed 100 words. Each question carries 08 marks. (Marks 8x4 = 32)

1. What is political risk? How multinational companies manage political risk? Explain.
2. What is a currency option?
3. Explain the purchasing power parity theory and the rationale behind it.
4. Name the major participants in a foreign exchange market.
5. What are the distinguishing features of international finance? Explain.
6. Distinguish between ADR and GDR.
7. What are cross rates? How are they determined?
8. An importer is to make payment of 1 million Thai Baht to its trading partner in Bangkok. The currency quotes available are:

For dollar in India : Rs. 50.0843/50.0996

For dollar in Thailand : Thai Baht 40.9400/40.9600

What is the amount of bill payable in terms of Indian rupees?

9. Explain the purchasing International Fisher Effect and the rationale behind it.
10. Who are the participants in foreign exchange market?
11. Comment on World Bank's lending policy.
12. Describe the functions of IFC and comment on its performance.
13. Distinguish between Euro bonds and foreign bonds.
14. State the importance of BOP.
15. What are spot and forward exchange rates? How do they differ from each other?
16. The US inflation rate is expected to be 2 % annually and that of India is expected to be 4.5% annually. The current spot rate of US \$ in India is Rs. 50.4050/US \$. Find the expected rate of US \$ in India after one year and after three years from now, using purchase power theory of exchange rate.
17. Explain the purchasing Interest rate parity theory and the rationale behind it.
18. What do you mean by over the counter market?

19. Distinguish between Current Account and Capital Account in Balance of Payment Approach.
20. Which are the different methods to raise the long term funds from international market?
21. What do you mean by Centralized and Decentralized Cash management?
22. Discuss any two:
 - (i) New York Stock Exchange
 - (ii) London Stock Exchange
 - (iii) Luxemburg Stock Exchange
23. What are the recent trends and challenges in International Finance?
24. Explain the loan operations of World Bank.
25. Critically analysis the achievement of World Bank.
26. What is International Finance? Distinguish between domestic and International Finance Management.
27. What is Corporate Governance? Write dimension of Corporate Governance
28. What are the functions of International Finance?
29. What is Financial Market? Write significant of the Financial Market.
30. Explain the Money Market and Euro Market.
31. Distinguish between primary and secondary market.
32. Write benefits and risks of Financial Integrations.
33. Distinguish between Greenfield Investment and Brownfield Investment.
34. What do you mean by International Stock Exchange? Write characteristics of the stock exchange.
35. Explain the London Stock Exchange.
36. What do you mean by BSEs and NSEs?
37. What challenges faced by Chinese Stock Exchange?
38. Write the impact of financial crisis on Asian Stock Exchange.
39. What are the disadvantages of American Depository Receipts?
40. What do you mean by Global Depository Receipts? Write advantages of GDRs.
41. Distinguish between ADRs and ADRs.
42. What is Cash Management? Write objectives of Cash Management.
43. What is the function of Cash Management?
44. What is the centralized Cash Management? Explain its advantages.

45. What are the steps involve in Cash Management?
46. Explain the evolution of International Monetary System.
47. What is the BRETTONWOODS SYSTEM? Explain its.
48. Critically examine the mechanism of gold standard.
49. What is BOPs? Explain its functions.
50. Write the major characteristics of BOPs.
51. What is the main cause of disequilibrium in BOPs?
52. Write the advantages of Floating Exchange Rate System.
53. What is the problem of Forward Exchange Rate?
54. Explain the factor influencing the Exchange Rate.
55. Write the relation between Spot and Exchange Rate.
56. What is cross rates? Explain it's with an example.
57. Explain Purchasing Power Parity Theory.
58. What do you mean by Future Contract? Explain its feature.
59. What is Swaps? Explain its various types.
60. Explain the direct method of Exchange Control
61. What are the main methods used by MNCs?
62. What is Economic Exposure? Explain its type.
63. Write the achievement of IMF.
64. What is SDRs? And How SDRs are valued?
65. What is FDI? Explain its types.
66. Write the merits and demerits of FDI.
67. about the FDI policy framework in India.
68. Write the trends of Global Foreign Exchange Rate.
69. Explain the problems of SDRs.
70. Write the trends of Asian Stock Exchange
71. Why World Bank established? Give region.

Section C

(Long Answer Type Questions)

Answer any 2 questions. Each answer should not exceed 800 words. Each question carries 16 marks. (Marks 2x16=32)

1. Explain the concept of disequilibrium in BOP. How does disequilibrium arise? How can it be restored?
2. What do you mean by International Monetary Fund (IMF)? Examine the objectives and functions of the IMF. Critically examine its achievement.
3. What are the functions of Asian Development Bank? How has it performed its functions?
4. The following rates appear in the foreign exchange market.

	<i>Spot rate</i>	<i>2 month forward</i>
Rs/ 1US \$	Rs. 49.80/50.05	Rs. 50.50/51.00

- (i). How many dollars should a firm sell to get Rs. 50.50 million after 2 months.
 - (ii). How many rupees does the firm require to pay to obtain US \$ 6,00,000 in the spot market
 - (iii). Assume the firm has US \$ 60,000. How many rupees does the firm obtain in exchange for the US \$?
 - (iv). Are forward rates at premium or discount? Determine the percentages also.
5. What do you mean by International Financial Management? Discuss the nature and Scope of International Financial Management
 6. What are the benefits of international investment from the viewpoint of optimization of investment portfolio?
 7. What do you mean by foreign exchange exposure? Discuss its types, nature and measurement in detail.
 8. What are the different methods and regulations prevailing for foreign exchange control?
 9. Examine different theories of Exchange Rate Determination.

10. What does the balance of payment of a country demonstrate? How can you use the balance of payment in determining what will happen to the value of a currency?
11. Which are the different methods of forecasting exchange rates?
12. Discuss the roles and functions of World Bank in global economic development. Also explain its affiliates.
13. What do you mean by World Bank? Critically analyze the achievements and failures of the World Bank.
14. What is international finance? Explain financial management in Indian context.
15. What is financial market? Explain significant and types of Financial Market.
16. How the growth of emerging markets will strain global finance?
17. What is FDI? Explain different types of Foreign Direct Investment.
18. Explain the various major players in International Stock Exchange.
19. Discuss the briefly the Indian Stock Exchange and also discuss Stock Exchange of China.
20. Explain the all type of International Investment Alternatives.
21. Briefly described the meaning, objectives, motives and steps of Cash Management.
22. Describe the advantages and disadvantages of centralized and decentralized Cash Management.
23. Critically examine the Brettonwoods system.
24. What do you mean by Disequilibrium in BOPs? What measures would you suggest to correct the Disequilibrium?
25. What is meant by Foreign Exchange Rate? Also explain the merits and demerits of forward exchange rate.
26. What is a relation between Spot and Forward Exchange rates? Briefly discuss.
27. Describe the Purchasing Power Theory with example.
28. An important to make payment of 1 million Thai Baht to its trading partner in Bangkok. The currency quotes available are:

For dollar in India	:	Rs. 50.0838/50.09665
For dollar in Thailand	:	Thai Baht 40.9657/40.9650

What is the amount of bill payable in term of Indian Rupees?
29. Write a brief notes on currency futures and working futures.

30. What do you mean by Foreign Exchange Control? Explain the various method of Exchange Control.
31. What is foreign exchange exposure? Explain the various types of foreign exchange exposure.
32. What do you mean by SDRs? Explain the role of SDRs in International Liquidity.
33. Write an easy on International Development Association.
34. Briefly describe the various International financing Sources
35. Write an easy on Asian Development Bank.