Roll No------------------------

MBA-10 (Master of Business Administration)
Fourth Semester, Examination 2012
FM-2108
International Finance

Time: 3 Hours **Maximum Marks: 60**

Note: The question paper is divided into three sections A,B and C.

SECTION – A

(Long-answer - type questions)

Note: Section 'A' contains four (04) long-answer-type questions of fifteen (15) marks each. *Learners are required to answer two (02) questions only.* **(2x15=30)**

Q- 1 (A) Discuss the distinguishing features of international finance.

(B) What factors cause some firms to become more internationalized than others?

Q-2 The IMF has been criticized by many for its alleged mishandling of the South-East Asian crisis. Comment on the role of the IMF in this regard.

Q-3 How should an MNC reduce its foreign exchange risks?

Q-4 Can a Company use the hedging techniques to protect itself against expected exchange rates changes? Explain.

SECTION – B

(Short – answer – type questions)

Note: Section 'B' contains eight (08) short- answer type questions of five (05) marks each. *Learners are required to answer four (04) questions only.* Answers of short answer-type questions must be restricted to two hundred fifty (250) words approximately.

(4x5=20)

Q- 1 Describe the constraints that interfere with the MNCs objective.

Q- 2 What are the role and functions of the IMF?

Q- 3 What are the implications and uses of the balance of payments statement?

Q- 4 Explain three important financial derivative instruments.

Q-5 Should an exporter use the spot rate or forward rats for Quotation?

Q- 6 Differentiate between transaction and economic exposure.

Q- 7 Discuss how an MNC can calculate its cost of equity capital?

Q- 8 How can an MNC use transfer pricing strategies? Elucidate.

SECTION – C

Note: Section 'C' contains ten (10) objectives –type questions of one (01) mark each.
Learners are required to answer all the Question.. **(10x1=10)**

Write True/False against the following.

Q- 1 World markets today are highly perfect.

Q- 2 The IMF and World Bank were born out of Bretton Woods Conference held in 1944.

Q- 3 The balance of payments confirms to the principle of double entry bookkeeping.

Q-4 Exchange rate in American terms, expresses the home currency price of one unit of the foreign currency.

Q- 5 Interest arbitrage is usually uncovered as investors of short-term funds abroad generally want to avoid the foreign exchange risk.

Q- 6 Transaction risk is not critical to an MNC due to the high variability in exchange rates.

Q-7 Economic exposures can be minimized by credit swap.

Q-8 The IMF defines foreign investment as FDI when the investor holds 10% or more in the equity of an enterprise.

Q-9 Leading and lagging strategy optimize cash flow.

Q- 10 Eurocurrency market is essentially regulated.