

Exam. Code : 217604

Subject Code: 5633

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M.Com. 4th Semester

INTERNATIONAL FINANCIAL MANAGEMENT

Group-A

Paper : MC-411

Time Allowed—2 Hours]

[Maximum Marks—100

Note :—There are **Eight** questions of equal marks. Candidates are required to attempt any **Four** questions.

1. What do you understand by spot and forward markets as well as exchange rates ? How to set the equilibrium in different markets ?
2. Evaluate the cross border investment decisions. Discuss the factors affecting international financial instruments.
3. Explain the concept of Balance of Payments (BOP) and discuss the different accounts of BOP. Can a country run a current account deficit (surplus) indefinitely ? Give reasons.
4. What are the factors to be considered while taking management decisions in across the countries ? Also explain official reserve account.
5. What are the important elements of a country risk sharing agreement ? How can country risk be managed in capital budgeting decisions ?

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6. Explain the need for foreign exchange exposure management. Discuss the various techniques used to hedge the exchange rate risk.
7. (a) In which countries or currencies would you like to retain a higher proportion of your earnings for reinvestment? Explain, with reasons.
(b) Explain the theory of comparative advantage as a motive for foreign trade. What is the logic behind this theory?
8. (a) Define foreign exchange risk exposure, distinguish between accounting and economic exposure.
(b) What are important elements of a currency risk sharing agreement? Discuss with suitable example.