

M.Com. 4th Semester

INTERNATIONAL FINANCIAL MANAGEMENT

Paper-Group-A MC-411

Time Allowed—3 Hours] [Maximum Marks—100

SECTION—A

Note :— Question No. 1 consists of **TWELVE** very short answer questions. Attempt any **TEN** questions out of these. Answer to each question should be up to 50 words in length. Each question carries **2** marks.

1. Write short notes on the following :

- (i) Netting and Matching
- (ii) Unique features of bond market
- (iii) Functions of IFM
- (iv) Forward Hedge
- (v) Arbitrage
- (vi) Dirty float
- (vii) Treatment of goodwill in BOP
- (viii) Devaluation and revaluation of currency
- (ix) GDR
- (x) What is Pip ?
- (xi) Operating Exposure
- (xii) Direct Quote.

SECTION—B

Note :— Attempt any **TWO** questions out of the following **FOUR** questions with answer to each question up to 5 pages in length. Each question carries **20** marks.

2. Discuss about the different types of accounts of BOP. Can a country run a current account deficit (surplus) indefinitely ? Give reasons.
3. (a) What are the major benefits arising out of Internationalization of financial system ?
(b) Explain briefly about the Euro-currency market.
4. Spot rate Rs. 45.0020 = \$1,
6-months forward rate Rs. 45.9010 = \$1
Annualized interest rate on 6-months rupee : 12%
Annualized interest rate on 6-months dollar : 7%
Work out the arbitrage possibilities.
5. What are the various structural models of exchange rate determination ? How the exchange rate forecasting can be done ?

SECTION—C

Note :— Attempt any **TWO** questions out of the following **FOUR** questions with answer to each question up to 5 pages in length. Each question carries **20** marks.

6. (a) Explain the Forex Risk and country specific risk, describe how it effects the exchange rate ?

- (b) Differentiate between transaction exposure vs translation exposure.
7. (a) Bring out the arguments in favor of and against hedging.
(b) What are the various types of risks in International Context ? weekliypoetry.com
8. What is Currency Derivatives ? Explain the forwards, futures options agreements. How do importers and exporters use currency derivatives ?
9. Explain why unfavorable economic or political conditions affects the MNC's cash flows required rate of return and valuation.

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