Department of Management

Roll No...

MBA-III Semester December 2025

MBA-GE-FM-05 International Financial Management

Duration: 2.5 Hours

Max.Marks -60

(12X5=60)

Note: Attempt any Five Questions. All questions carry equal marks

Q 1 What do you mean by International Monetary Fund (IMF)? Examine the objectives and functions of the IMF. Critically examine its achievement.

Q 2: Discuss International Bonds and the role of International Bonds in the Foreign equity market?

Q 3 (a) ABC LTD company is exporting software services to the USA and will receive a payment of **US $100,000** in 3 months. You decide to lock in the exchange rate using a forward contract. How many Indian Rupees will you receive after 3 months when you sell the US$100,000? (b) Z LTD company needs to pay a US supplier **US$50,000** today (spot transaction). How many Indian Rupees must you pay the bank to buy these US dollars?

Q 4 What do you mean by Currency Futures? Also, discuss the forwards, futures options agreements.

Q 5. Discuss the currency derivatives, also discuss forward market hedge and option market hedge with the help of suitable example?

Q 6. Differentiate between Transaction and Translation exposure with the help of suitable examples?

Q 7. Company A and Company B enter into a 2-year annual plain vanilla interest rate swap. The notional principal is $10 million. Company A agrees to pay a fixed rate of 5% per annum and receive the floating 1-year LIBOR. The swap is initiated today.

a) If the current 1-year LIBOR is 4.5%, what are the first-year payments? Who pays whom?

b) Why is the value of the swap to both parties approximately zero at initiation?

Q 8. What are the key challenges and opportunities that India presents as an alternative destination for FDI, and how is China adapting its strategy to retain its position as a premier investment hub?