Roll No..

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Department of Management
Odd Semester Examination - January 2024
MBA-~~III~~ IX Semester
MBA(I)-GE-FM-05

International Financial Management

Duration: 3 Hour | Max.Marks -75

Note: Attempt any Five Questions, All questions carry equal marks (15X5=75)

Q 1. Discuss the role of International Financial System in the Multinational Enterprise financial planning with the help of suitable examples?

Q 2. a) Write notes on the following:

i) Bretton Woods System
ii) Floating Exchange Rate regime

b) Explain about international portfolio diversification with the help of suitable example.

Q 3. Discuss the factors that affect the exchange rates. What are the possible consequences on export and imports in each of the following cases?

i) the spot exchange rate changes from ₹ 81/1$ to ₹ 84/1$

ii) the exchange rate changes from ₹ 86/1$ to ₹ 83/ 1$

Q 4. What are currency derivatives? Explain and differentiate between the forwards, futures and options agreements.

Q 5. Discuss the forward market hedge, option market hedge and money market hedge.

Q 6. Explain the different types of exposures and also discuss the measurement techniques which are used in international business?

Q 7. What is an Interest Rate Swap? Firm A needs fixed-rate funds which are available to it at the rate of 10.50% to be computed half - yearly, but it has access to cheaper floating-rate funds available to it at LIBOR + 3%. Firm B needs floating-rate funds available to it at 6-month LIBOR flat, but has access to cheaper fixed-rate funds available to it at the rate of 9.50% to be computed half-yearly. Both the principals are identical in size and maturity and are in the same currency. The LIBOR of firm A is 9.75% and that of firm B is 9.65%. Explain how interest rate swap takes place. Calculate the cost of borrowing of firm A and firm B and the gain to swap dealer.

Q 8. Why are China and India emerging as attractive centers for foreign direct investment in recent years? Discuss with the help of suitable examples?