

Code No: BA1928**GEC-R14****MBA IV Semester Supplementary Examinations, June 2017****INTERNATIONAL FINANCIAL MANAGEMENT****(Master of Business Administration)****Time : 3 Hours****Max. Marks : 60****Note: Answer All Sections of Questions.****All Questions from Section- A are to be answered at one place.****SECTION-A****6 × 2 = 12M**

1. Explain the structure of capital account.
2. What is transaction exposure?
3. State the Importance of International Equity financing.
4. What is the use of current Account Monetary Model?
5. Differentiate between MNC vs TNC.
6. Explain the term Forex Markets .

SECTION-B**3 × 12 = 36M**

1. a) Explain the importance nature and scope of International Financial Management.
(OR)
b) Define Balance of Payments. What are the accounting components of Balance of Payments.
2. a) What lessons can economists draw from the breakdown of the Bretton woods system?
(OR)
b) Briefly explain the European Monetary System and the European Currency Unit.
4. a) What are the functions of foreign exchange market? Write a brief note on Arbitrage.
(OR)
b) What is meant by Exchange-rate overshooting? What is the economic explanation underlying such behavior?

SECTION-C

1 × 12 = 12M

CASE STUDY:

The treasurer of an Indian firm wishes to borrow 3 months funds in the Euromarket. The accessible rates are as follows:

3-month EUR: 6.50%

3-month E: 10.25%

3-month CHF: 4.50%

3-month \$: 8.75%

The 3-month spot and forward rates against the rupee are

\$/` Spot: 48.00

90-day forward : 49.3211

EUR/` Spot: 42.00

90-day forward : 42.9964

E/` Spot: 69.00

90-day forward: 70.0419

CHF/` Spot: 21.75

90-day forward: 23.1050
