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**MBA IB (2018 Batch) (Sem.-3)****INTERNATIONAL FINANCE****Subject Code : MBAIB-302-18****M.Code : 77002****Time : 3 Hrs.****Max. Marks : 60****INSTRUCTIONS TO CANDIDATES :**

1. **SECTION-A** contains **EIGHT** questions carrying **TWO** marks each and students has to attempt **ALL** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** and consist of **ONE** Case Study carrying **TWELVE** marks.

**SECTION-A****Write short notes :**

1. Covered interest arbitrage
2. Effect of inflation on international trade
3. Country risk factors
4. Monetary assets
5. Currency futures
6. Euro bonds
7. External commercial borrowings
8. Exchange rate risk

**SECTION-B****UNIT-I**

9. What are the factors affecting the flow of direct foreign investment and international trade? Explain.
10. Differentiate between domestic and international finance. What are the various challenges of the international finance?



### UNIT-II

11. Discuss the major players in the Indian FOREX market.
12. Briefly explain PPP theory of exchange rate determination. Illustrate.

### UNIT-III

13. Briefly explain the various techniques to assess country risk.
14. How do we measure transaction exposure? Explain different hedging techniques to manage transaction exposure.

### UNIT-IV

15. What are different features of ADRs? Why companies go for financing through ADRs?
16. What are the foreign bond markets? Discuss why business firms use foreign currency financing even if it introduce foreign exchange risk.

### SECTION-C

#### 17. Case Study :

In December, 2005, two parties , A and B, agreed on a 3 years fixed for floating Australian dollar Swap, whereby 'A' received payments based on a floating interest rate and 'B' received payments on a fixed interest rate. The notional principle is AUD 500000 and the fixed rate is 4.5%. The floating interest rate assumed the following values on the payment dates.

Payment date	Interest rate (%)
Dec 2006	4.62
Dec 2007	5.08
Dec 2008	6.03

#### Question :

Calculate the amounts received by A and B on each payment date.

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**