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Total No. of Pages : 02

Total No. of Questions: 17

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.
- SECTION-C is COMPULSORY and consist of ONE Case Study carrying TWELVE 3. marks.

SECTION-A

Write short notes :

- 1.
- Effect of inflation on international trade Country risk factors ide Aspendicular 2.
- 3.
- 4.
- 5. Currency futures
- 6. Euro bonds
- External commercial borrowings 7
- 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?

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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	St	Interest rate (%)
Dec 2006		4.62
Dec 2007	NN'	5.08
Dec 2008	7	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.