

Code No: MB1344/R13

MBA IV Semester Regular/ Supplementary Examinations, June-2016

INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 60

*Answer Any FIVE Questions
All Questions Carry Equal Marks
Question No. 8 is Compulsory*

1. Describe the features of ADR and GDRs and suggest measures to develop the market for IDRS. 12
2. How do importers and exporters use currency derivatives? Explain with example. 12
3. Explain the theory of comparative advantage and examine the role of incentives for exports. 12
4. Identify the risks faced by Multinational Companies and the methods to tackle them. 12
5. Critically examine the need for, features, and impact of "Double Taxation Avoidance Agreement". 12
6. a What are the major functions of the foreign exchange market? 6
b Define Fisher Effect and its practical use. 6
7. Explain the process of Yen carry trade. 12
8. The Argentine peso was fixed through a currency board at Ps1.00/\$. In January, 2002 the Argentine peso was floated. As of January 29, 2003, it had depreciated to Ps 3.20/\$. During the one year period Argentina's inflation was 20 % on annualized basis. Inflation in the United States was 2.2 % annualized.
a. What should have been the exchange rate in January 2003 if the PPP held?
b. By what percentage was the Argentine peso undervalued on an annualized basis?
