



Code No. 1017

**FACULTY OF MANAGEMENT**  
M.B.A. III – Semester (CBCS) Examination, January 2019

131217672134

**Subject: International Finance**  
**Paper – MB – 305 – 1 : Discipline Specific**  
**(Elective – II – Finance)**

**Time: 3 Hours**

**Max.Marks: 80**

**PART – A (5x4 = 20 Marks)**  
**[Short Answer Type]**

**Note: Answer all the questions in not more than one page each.**

- 1 Breton words standard
- 2 Spot and forward quotes
- 3 Transaction exposure
- 4 Objectives of IFM
- 5 Tax Havens

**PART – B (5x12 = 60 Marks)**  
**[Essay Answer Type]**

**Note: Answer all the questions by using internal choice in not exceeding four pages each.**

- 6 a) Explain the significance of International Financial system in recent times.  
**OR**  
b) Discuss the role of IBRD in promoting international financial transactions.

- 7 a) The following exchange rates are prevailing in different markets.  
Mumbai Rs. 72.4321 per U.S. Dollar  
London Rs. 103.4567 per British Pound  
New York 1.4334 dollars per Pound  
Work out arbitrage gains possible, assuming no transaction costs.

**OR**

- b) The following are the spot, 1 month, 3 months and 6 months forward exchange rates between Indian Rupee and U.S. Dollar.

Spot	1 Month	3 Month	6 Month
Rs. 71.2345/54	60/72	63/48	56/39

You are required to find the bid, Ask Prices, spread and premium or discount.

- 8 a) The exchange rate between Indian Rupee and French franc is 9.8675 per French Franc. The average interest rate in India and Franc are 8% p.a. and 3.45% p.a. respectively. What would be the exchange rate after one and two years from now.

**OR**

- b) The exchange rate between Indian Rupee and Pound Sterling is Rs. 102 per Pound now. The consumer price index over two years in India and Britain moved from 144 to 168 and 110 to 128 respectively. You are required to find the inflation in India and U.K. and estimate the exchange rate after one and two years from now.

- 9 a) Examine the pros and cons of Foreign Direct Investment in Indian Environment.

**OR**

- b) Explain the reasons for international portfolio diversification.

- 10 a) Describe the international tax environment and its implications on MNCs.

**OR**

- b) Discuss various tax planning methods and its legal framed work in India.

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