

21/11/2020

Code No. 12058

FACULTY OF MANAGEMENT

M.B.A. III – Semester (CBCS) Examination, November 2020

Subject: International Finance

Paper – MB – 305 – I Discipline Specific Elective – II (Finance)

Time: 2 Hours

Max.Marks: 80

PART – A

Note: Answer any four questions.

(4x5 = 20 Marks)

- 1 Floating Exchange Rate
- 2 Nominal Effective Exchange Rate
- 3 Purchasing Power Parity
- 4 Foreign Direct Investment
- 5 Tobin Tax

PART – B

Note: Answer any four questions.

(4x15 = 60 Marks)

6. Explain the evolution of International Financial System?
7. Discuss the International Financial Instruments?
8. Briefly explain BOP and its trends in India?
9. What is triangular arbitrage? Does an opportunity for triangular arbitrage exist in the following conditions? Rs. 43.30 / USD, Roubles 32 / USD, Rs. 02779 / Rouble.
10. An Indian resident wants to deposit 1,00,000 euros in an account with an Indian Bank. The deposit matures in two months. The current Rs/euro spot rate is T. 58.072 / euro. The depositor books a forward contract at a forward rate of 59/- Euro. Find his potential gain if the spot rate two months later is a) 58.7 / Euro (b) 58.4 / Euro. Ignore transaction costs.
11. Explain the types of foreign exchange risk. What are the methods of hedging risk?
12. Explain the concept of FDI and its theories?
13. Briefly discuss why is the APV format more suitable for evaluating foreign projects than the conventional NPV format?
14. Explain the types of taxation?
15. Describe TP methods and rules in India?
