D 33215 **(Pages : 2)** **Name.......................................**

Reg. No..................................

THIRD SEMESTER M.B.A. DEGREE (2016 SCHEME) EXAMINATION JANUARY 2023

(CUCSS)

M.B.A.

BUS 3EF 01/IB 01—INTERNATIONAL FINANCE

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *weightage.*

1. Discuss briefly the structure of BOP.
2. Distinguish between Fixed Exchange Rate system and Floating Exchange Rate system.
3. What are SDRs ?
4. Explain briefly the concept of exchange rate quotations.
5. Define Triangular arbitrage.
6. What do you mean by Internal hedging ?

(6 × 1 = 6 weightage)

Part B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

7. 'Balance of Payment will always balance'. Critically examine the statement.
8. State International Fischer Effect. Discuss the uses of this hypothesis.
9. Discuss the functions of IMF.
10. Explain briefly the salient features of Foreign Exchange market.
11. Discuss the Foreign Exchange Risk and Exposure. What are the different types of exposures ?
12. What do you mean by Hedging ? Distinguish between External Hedging and Internal Hedging using suitable examples.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any **three** *questions.*
Each question carries 4 *weightage.*

13. Write a note on Theories of exchange rates.

14. Write a note on Convertibility of currency. Is there any significance for this concept in the current scenario in India ? Discuss.

15. Write a note on international financial markets and instruments.

16. Write short notes on TT rates and Bill rates.

17. Discuss the news trends in international finance.

(3 × 4 = 12 weightage)

Part D

Answer the following **compulsory** *question.*
The question carries 6 *weightage.*

18. Assume yourself as a young derivatives trader and that this is your first month on a corporate desk. A long term client of your company with substantial exports to Australia calls up. This client is expecting an inflow of AUD 200 million in six months' time. During the discussion with the above client it transpires that there are no direct options contracts for the dates the client is looking for. In fact, the client had burnt his fingers in earlier option contracts, when the market moved against and an American Put go exercised. Based on your understanding on hedging, what suggestions would you be making to the above client in the above case ? Discuss.

(1 × 6 = 6 weightage)