

D 115149

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2025

(CUCSS)

M.B.A.

BUS 3EF 01/IB 01—INTERNATIONAL FINANCE

(2016 Scheme)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all the following questions each carries 1 weightage.*

1. What is current account in balance of payment ?
2. What is fixed exchange rate system ?
3. What is meant by adjustable peg ?
4. What is Spot market ?
5. What is internal hedging ?
6. What are various kinds of exposure a MNC are subjected in international market ?

(6 × 1 = 6 weightage)

Part B*Answer any four of the following questions each carries 3 weightage.*

7. Differentiate between currency forwards and currency futures.
8. Explain the international fishers effect.
9. Explain the special schemes of lending of IMF.
10. Write a brief note on evolution of exchange rate theories.
11. Why is an interest rate swap simpler to a future contract ?
12. Briefly explain triangular arbitrage.

(4 × 3 = 12 weightage)

Part-C*Answer any three of the following questions each carries 4 weightage.*

13. Briefly explain the interest rate parity theory.
14. Briefly explain the factors affecting the devaluations of Indian economy.

Turn over

15. Explain the structure of foreign exchange market.
16. Explain the international financial markets instruments.
17. On Feb 25 2021 the DM was quoted \$0.5955/DM and the French franc was \$0.2345/FF, in New York. If on this same date Paris was FF 1.6500/DM and FF 4.6875 what are the incentives of Arbitrage?

(3 × 4 = 12 weightage)

Part D

Answer the following question which carries 6 weightage.

18. Gold India Limited will need USD 1250000 in 180 days. It considers using a money market hedge. Its analyst develops the following information.
 - a) Spot rate of USD = 70.80
 - b) 180 days' deposit rate in India 6.50%, USA 5.75%
 - c) 180 day's borrowing rate in India 11.80%, USA 10.25%

Suggest the outcomes and viability of the consideration.

(1 × 6 = 6 weightage)