

D 72548

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Name.....

Reg. No.....

**THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2019**

(CUCSS)

M.B.A.—Finance

BUS 3EF 01/1B 01—INTERNATIONAL FINANCE

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all questions.*

*Each question carries 1 weightage.*

1. What are the implications and uses of the balance of payments ?
2. Enlist the location specific advantages of Internationalization.
3. Describe the concept of triangular arbitrage.
4. What is the rationale behind purchasing power parity theory ?
5. Why are forward contracts non-transferable ?
6. Is there a relationship between foreign exchange risk and performance of the firm/ company ?

(6 × 1 = 6 weightage)

**Part B**

*Answer any four questions.*

*Each question carries 3 weightage.*

7. Discuss the various options available to reduce exposure in a devaluation/depreciation-prone subsidiary.
8. Why is an interest rate swap simpler than simpler to a futures contract ?
9. Discuss the social dimensions of IMF supported programmes.
10. Elaborate the rationale of policy adjustment mix to capital inflows.
11. Write a brief note on International fisher effect.
12. Explain the terms : Leading, Lagging and exposure netting.

(4 × 3 = 12 weightage)

**Turn over**

**Part C**

*Answer any three questions.*

*Each question carries 4 weightage.*

13. On August 2, 2018 the DM was quoted \$0.3876/DM and the French franc was quoted \$0.2133/FF, in New York. If on this same date Paris was quoting FF 1.7500/DM and FF 4.6875 what are the incentives of arbitrage ?
14. Explain long position and short position with an example.
15. Discuss the sources of competitive pressures on Asian Currencies.
16. "The IMF is a financial co-operative, in some ways like a credit union". Do you agree ?
17. Describe the role of international financial markets and instruments.

(3 × 4 = 12 weightage)

**Part D**

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

18. Contrast the forward market hedge and money market hedge as to (a) cost ; (b) convenience ; and (c) effectiveness. Under what conditions would the later hedge become the only viable option.

(1 × 6 = 6 weightage)