



Printed Pages : 2

MBA-FM-1

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7040

Roll No.

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M.B.A.

(SEM. III) EXAMINATION, 2008-09

INTERNATIONAL FINANCIAL MANAGEMENT

Time : 3 Hours]

[Total Marks : 100

- Note :**
- (1) *Attempt all questions.*
 - (2) *All questions carry equal marks.*
 - (3) *Be precise in your answers.*

- 1 What do you mean by BOP ? Discuss "Deficit" and "Surplus" in Balance of Payments and highlight the importance of BOP statistics. 20

OR

- 1 Discuss the role of International Monetary Fund. 20
- 2 Explain the following terms : 20
- (i) Bid Rate (ii) Offer Rate
 - (iii) Bid Offer Spread (iv) Value Date
 - (v) Swap Transactions.

OR

- 2 Discuss the mechanics of Inter-bank Trading. 20
- 3 In a free market, what factors influence exchange rates ? Which of them apply mainly in long run exchange rate behaviour and which to short run exchange behaviour. 20

OR



3 Consider two Indian firms : One manufactures fertilizers in India and sells them in global markets in competition with German, American and Japanese firms; the other manufactures and exports marine products and Indian spices to Europe and Middle East competing with other firms, which either import these products from India or manufacture them in India and sell in the same markets. Which of these two firms faces the more severe operating exposure to exchange rates ? Explain your answer. 20

- 4 (a) Discuss the various types of risk associated in foreign exchange transactions. 10
- (b) Discuss and explain the accounting treatment in terms of tax treatment of gains and losses. 10

OR

- 4 (a) What is optimal financial structure in the context of MNE and their financial subsidiaries ? 10
- (b) Explain the process of determination of exchange rate. 10

5 What is meant by diversification and repositioning of funds in foreign direct investment ? 20

OR

5 Explain the process of Working Capital Management in MNE. 20

