

**II MBA - II Semester - Regular/Supplementary Examinations
MAY 2017**

INTERNATIONAL FINANCIAL MANAGEMENT

Duration: 3 hours

Max. Marks: 70 M

SECTION-A

1. Answer any FIVE of the following: 5 x 2 = 10 M

- a) Difference between buying & selling rates.
- b) Spread
- c) Difference between Direct and indirect quote of the exchange rate.
- d) What is Mint Parity?
- e) ADR
- f) Balance of Payments.
- g) Equity financing.
- h) Distinguish between Euro Currency market and Domestic market.

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) Write the scope of International financial management.

(OR)

b) Describe the EXIM policy regulations & Guidelines.

3. a) How has the IMF acquired its current gold holding prior to the second amendment?

(OR)

b) Write the changing face of EMU.

4. a) Write the factors influencing Exchange rate.

(OR)

b) Explain about the Purchasing power parity.

5.a) How are transactions finalized in the market for currency futures?

(OR)

b) Write the Advantages & disadvantages of Euro Credit.

6. a) How do you compute the cash flow in international capital Budgeting.

(OR)

b) How can a centralized cash management system be beneficial to the MNC?

SECTION-C

7. Case Study

1x10=10

The swap interest rates are flat in both Japan and the U.S. The Japanese rate is 4% p.a. and the U.S. rate is 9% p.a. A financial institution has entered into a currency swap in which it receives 5% p.a. in yen and pays 8% p.a. in dollars once a year. The principles in the two currencies are \$ 10 million and

1,200 million yen. The swap will last for another 3 years, and the current exchange rate is 110 yen = \$1. What is the value of swap in dollars?