

Roll No.

Total No. of Pages : 02

Total No. of Questions : 15

**MBA (2016 to 2019) (Sem.-4)**  
**INTERNATIONAL FINANCE**

Subject Code : MBA-926

M.Code : 71385

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTION TO CANDIDATES :**

1. **SECTION-A** contains **SIX** questions carrying **FIVE** marks each and students have to attempt any **FOUR** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and students have to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** carrying **EIGHT** marks.

**SECTION-A**

1. What is the need of flexible exchange rate?
2. What are the limitations of forfaiting?
3. How forward differ from option?
4. Discuss in detail benefits of Bretton wood system.
5. Define Derivative.
6. What do you mean by euro market?

**SECTION-B**

**UNIT-I**

7. What do you mean by international flow of funds? Discuss in detail different factor affecting international trade flows of funds.
8. How sensitive is the value of the project to the threat of currency control and expropriation? How can the financing be structured to make the project less sensitive to these political risks?

**UNIT-II**

9. What is purchasing power parity? What are some reasons for deviations from purchasing power parity? Under what circumstances can purchase parity be applied?

10. Write down the following :
- a) International fisher's effect                      b) Factor influencing foreign exchange rates

### UNIT-III

11. Discuss in detail history and economic rationale of swap. How currency, commodity and variants of swap structure can be designed to reduce cost, manage the risk and to increase the return of counterparties
12. What are the fundamental factor affecting exchange rates? Discuss in detail time series forecasting model. In early 1996 , the short term interest rate in France was 3.7%, and forecast French inflation was 1.8% . At the same time, the short term German interest rate was 2.6% and forecast German inflation was 1.6%.
- a) Based on these figures, what were real interest rates in France and Germany?
- b) To what would you attribute any discrepancy in real rates between France and Germany?

### UNIT-IV

13. What do you mean by international financial sources of finance? Discuss in detail different methods with which financial resources can be mobilized internationally.
14. Write down the following :
- a) Exim Bank of India.                                      b) How factoring differ from forfaiting

### SECTION-C

15. From the following information discuss in detail that how successfully cash and carry arbitrage and reverse cash and carry arbitrage is possible . If traders buy the goods for cash and carries through to the expiration of the future contract :

Cash and carry gold arbitrage transaction assumed ruling prices for the analysis cash and carry arbitrage.

(I)	Rs.
Spot price of gold per 10gm	4000
Future prices of gold per 10 gm (For delivery in one year)	4500
Interest Rate per annum	10%
(II)	
If Spot price of gold per 10gm	4200
(III)	
If transaction cost is	3%

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**