Exam. Code : 217604
Subject Code : 5007

M.Com. 4th Semester

INTERNATIONAL FINANCIAL MANAGEMENT

Paper–Group–A MC–411

Time Allowed—3 Hours] [Maximum Marks—100

SECTION—A

Note :— Question No. **1** consists of **TWELVE** very short answer questions. Attempt any **TEN** questions out of these. Answer to each question should be up to 50 words in length. Each question carries **2** marks.

1. Write short notes on the following :
   (i) Netting and Matching
   (ii) Unique features of bond market
   (iii) Functions of IFM
   (iv) Forward Hedge
   (v) Arbitrage
   (vi) Dirty float
   (vii) Treatment of goodwill in BOP
   (viii) Devaluation and revaluation of currency
   (ix) GDR
   (x) What is Pip ?
   (xi) Operating Exposure
   (xii) Direct Quote.

SECTION—B

Note :— Attempt any **TWO** questions out of the following **FOUR** questions with answer to each question up to 5 pages in length. Each question carries **20** marks.

2. Discuss about the different types of accounts of BOP. Can a country run a current account deficit (surplus) indefinitely ? Give reasons.

3. (a) What are the major benefits arising out of Internationalization of financial system ?

   (b) Explain briefly about the Euro-currency market.

4. Spot rate Rs. 45.0020 = \$1,

   6-months forward rate Rs. 45.9010 = \$1

   Annualized interest rate on 6-months rupee : 12%

   Annualized interest rate on 6-months dollar : 7%

   Work out the arbitrage possibilities.

5. What are the various structural models of exchange rate determination ? How the exchange rate forecasting can be done ?

SECTION—C

Note :— Attempt any **TWO** questions out of the following **FOUR** questions with answer to each question up to 5 pages in length. Each question carries **20** marks.

6. (a) Explain the Forex Risk and country specific risk, describe how it effects the exchange rate ?

(b) Differentiate between transaction exposure vs translation exposure.

7. (a) Bring out the arguments in favor of and against hedging.

(b) What are the various types of risks in International Context ?

8. What is Currency Derivatives ? Explain the forwards, futures options agreements. How do importers and exporters use currency derivatives ?

9. Explain why unfavorable economic or political conditions affects the MNC's cash flows required rate of return and valuation.