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## Mid Semester Examination 2022

**Name of the Program: Master of Business Administration**

**Semester: IV**

**Name of the Course: International Finance**

**Course Code: MB 402 F1**

**Paper Name: International Finance**

**Time: 1:30 hours**

**MM: 50**

**Note:**

- i. This question paper contains two sections.
- ii. Both sections are compulsory.

### Section – A

**(1X10 = 10 marks)**

**Q1. Fill in the blanks/True-False**

- a) Dumping refers to sale of goods abroad at low a price. below their cost and price in home market .  
T/F
- b) Unilateral transfer in BOP includes.....
- c) BOP is equal to.....
- d) The futures market and the forward market are mainly used for speculating. T/F
- e) Interest-rate parity refers to the concept that, where market imperfections are few, and there is an offsetting relationship between interest rate differentials and differentials in the forward spot exchange market. T/F.
- f) Forward premium / differential depends upon interest rate differential between two countries .T/F.
- g) Capital account in BOP includes.....
- h) Global Depository Receipts means.....
- i) The difference between the spot rates and forward rate can be expressed in terms of swap points. T/F.
- j) Short term investments abroad / unilateral transfers are part of Capital Account debits. T/F.

### Section- B

Note:

(20X2=40)

- i. Answer all the questions by choosing any one of the sub questions.
- ii. Each question contains three parts a, b, & c.
- iii. Attempt any one part of choice a & b from each question and part c is compulsory of each question.

Q2.		
a)	Explain the role of International Financial Management in the context of globalization.	CO I
OR		
b)	What are the emerging challenges in international finance which a financial manager has to face ?	
c)	The inflation rate in India is 9% and that in USA is 4%.If the spot rate is Rs.3900/\$. What would be the spot rate after one year.	CO2
(10 marks)		
Q3.		
a)	(10 marks)  "Exchange rates are influenced by many factors". Enumerate the fundamental factors which have a direct bearing on exchange rates.	CO2
OR		
b)	Explain the various sources bond, equity and loan financing in international trade.	
c)	CASE  Assume the following information: Spot rate of pound=\$1.60 180 day forward rate of pound=\$1.560 180 day British interest rate =4 % 180 day U.S. interest rate= 3 % Based on this information is covered interest arbitrage by U.S. investor feasible assuming that he has \$ 10,00,000 funds for investment.If yes then calculate the yield percentage.  (10 marks)	