

Code No: 13MBA2032**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****II MBA IV Semester Regular / Supplementary Examinations, April-2017****INTERNATIONAL FINANCIAL MANAGEMENT****Time: 3 Hours****Max. Marks: 60****Answer any FIVE questions****All questions carry equal marks****Question No.8 is Compulsory.**

1. What are advantages and limitations of the flexible exchange rate system and the fixed exchange rate system
2. What is interest rate parity? Explain how interest rates and forward rates related with an example.
3. Write in brief the following terms
a) Bid/Ask rates b) Direct/ Indirect quotes c) Spot/forward
4. Define working capital. Discuss the decisions that need to be made in managing working capital internationally.
5. Define and write the purposes of the IMF? Explain the role of any five multilateral financial institutions in the development of low income countries.
6. How can balance of payment disequilibrium be corrected through the flexible and fixed exchange rate system?
7. What is economic and transaction exposure. How the firms can manage these exposures.
8. Case Study (Compulsory)

An Indian MNC wants to undertake a project in the united states. The details of the project are as follows.

- The initial investment of the project is USD 10 million, which will be depreciated over five years by the straight line method. The project has no salvage value.
- The selling price of the product to be produced by the project is USD 100, and the operating costs are estimated as follows.
 - a. Materials : USD 40/unit
 - b. Labour : USD 10/unit
 - c. Other expenses : USD 5/unit

Code No: 13MBA2032

- The subsidiary firm in the unitedstates is expected to sell 50,000 units of the product per annum.
- The corporate tax in India is 35%, while in the unites states it is 30%. The U.S. government imposes 5% withholding tax on dividends remitted to the parent firm by the subsidiary. The discount rate on similar projects in the united states is 8%. The subsidiary firm is permitted to utilize the blocked funds.

There is a technology licensing agreement between the parent firm and the subsidiary firm under which the subsidiary firm has to pay royalty to the parent firm at 2% of sales. The MNC thinks that it can raise USD 2 million of additional borrowing at an interest rate of 6%. The U.S. government may also offer a five year concessional loan of USD 1 million at an interest rate of 4% per annum. The current spot rate is INR/USD 0.0222. It is expected that the U.S dollar will depreciate on an average of 5% per annum. Evaluate the project from the parent firm's perspective.

2 of 2

Code No: 13MBA2034**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****II MBA IV Semester Regular / Supplementary Examinations, April-2017****PERFORMANCE MANAGEMENT****Time: 3 Hours****Max. Marks: 60**

Answer any FIVE questions
All questions carry equal marks
Question No.8 is Compulsory.

1. Elucidate Performance Appraisal Vs Performance Management.
2. Explain about 360 Degree Performance Appraisal.
3. What is Appraising? Explain its purpose in detail.
4. Explain about Career Development in detail.
5. What is Role Efficacy? Explain it in detail.
6. Explain about Performance audit and Merit Rating.
7. What is Performance Management Cycle? Explain it in detail.
8. CASE STUDY:

As The Production Supervisor For A Company, Allan Was Generally Well Regarded By Most Of His Subordinates. Allan Was An Easygoing Individual Who Tried To Help His Employees In Any Way He Could. If A Worker Needed A Small Loan Until Payday, He Would Dig Into His Pocket With No Questions Asked. Should An Employee Need Some Time Off To Attend To A Personal Problem, Allan Would Not Dock The Individual's Pay; Rather, He Would Take Up The Slack Himself Until The Worker Returned.

Everything Had Been Going Smoothly, At Least Until The Last Performance Appraisal Period. One Of Allan's Workers, Bill, Had Been Experiencing A Large Number Of Personal Problems For The Past Year. Bill's Wife Had Been Sick Much Of The Time And Her Medical Expenses Were High. Bill's Son Had A Speech Impediment And The Doctors Had Recommended A Special Clinic. Bill, Who Had Already Borrowed The Limit The Bank Would Loan, He Had Become Upset And Despondent Over His General Circumstances.

When It Was Time For Bill's Annual Performance Appraisal, Allan Decided He Was Going To Do As Much As Possible To Help Him. Although Bill Could Not Be Considered More Than An Average Worker, Allan Rated Him Outstanding In Virtually Every Category. Because The Firm's Compensation System Was Heavily Tied To Performance Appraisal, Bill Would Be Eligible For A Merit Increase Of 10 Percent In Addition To A Regular Cost-Of-Living Raise.

Allan Explained To Bill Why He Was Giving Him Such Ratings, And Bill Acknowledged That His Performance Had Really Been No Better Than Average. Bill Was Very Grateful And Expressed This To Allan. As Bill Left The Office, He Was Excitedly Looking Forward To Telling His Friends About What A Wonderful Boss He Had. Seeing Bill Smile As He Left Gave Allan A Warm Feeling.

Questions:

- i. From Company Standpoint, What Difficulties Might Allan Performance Appraisal Practices Create?
- ii. What Can Allan Do Now To Diminish The Negative Impact Of His Evaluation Of Bill?