Printed Pages : 4

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NMBAIB03

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 270410

Roll No. | | | | | | | | | | |

M. B. A.

(SEM. IV) THEORY EXAMINATION, 2014-15

INTERNATIONAL FINANCIAL MANAGEMENT

Time : **3** Hours] [Total Marks : **100**

Note : Attempt question as per instruction given in each section.

SECTION - A

1 Attempt any four questions from this section : **5×4=20**

(a) What are the objectives of Global Financial Management ?

(b) Distinguish between multinational corporations and transnational corporations.

(c) Give the concept of exposure and risk.

(d) What do you mean by International Portfolio Investment ?

(e) Describe the concept of leads and lags.

(f) Mention the problems related to the process of cash optimization.

SECTION - B

2 Read out the case and answer the following questions : **10×3=30**

Mahendra International (India) imported spares of an engine from a US manufacturer for \$ 5,000 per annum at a price of \$ 2.5 per piece. The average exchange rate during 2011-12 was Rs. 47.70\$. The Indian company imported the spares also from a British manufacturer. In fact, it had diversified its import in view of reducing the risk associated with the supply. The import from the USA was competitive in view of the fact the same spares imported from the UK was slightly costlier. The American spares cost Rs. 119.25 per piece, while the British spares cost Rs. 120.00 per piece.

In 2012-13, US dollar appreciated to Rs. 48.40 with the result that the cost of American spares turned higher than the British spares. In the sequel of the appreciation of US dollar, the Indian importer cut its demand from 2,000 pieces to 500 pieces. The loss to the US exporter was colossal. But at the same time, the Indian importer suffered a lot. It had to pay a higher price for the US spares in terms of rupees. And also, it had to divert its import from the USA to the UK insofar as the pound sterling did not appreciate during this period. All this happened in the wake of the exchange rate changes.

Questions :

(a) Mention the loss borne by the US exporter in the sequel of appreciation of dollar.

(b) Measure how much loss the Indian importer had to bear after dollar appreciation.

(c) What strategy the Indian needs to follow to hedge the exchange rate risk ?

SECTION - C

Note : Attempt all question in this section.

3 Write an essay on International Monetary system. **10**

OR

What are the various functions of International Financial Management ? **10**

4 What is transaction exposure ? How it is calculated ? **10**

OR

Explain the benefits from FDI to the host and the home countries. **10**

5 Explain the adjusted present value approach. **10**

OR

What are the issues and strategic considerations in international capital budgeting ? **10**

6 Is International working capital management more complex than the domestic weorking capital management ? **10**

OR

How the International Management of Inventory is different from domestic ? Explain. **10**

7 What do you mean by Euro bond markets ? Explain the reasons for the development of Euro markets. **10**

OR

Write notes on any two : **10**

(i) Euro-notes

(ii) Primary markets

(iii) Secondary markets.