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Roll No. :

576442(76)

676642(76)

**M. B. A. (Fourth Semester) Examination,
April-May 2021**

(New Course)

(Specialization : Finance Management)

(Management Branch)

INTERNATIONAL FINANCIAL MANAGEMENT

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

***Note : Question paper consists of five units. Part (a)
of every unit is compulsory. Attempt any two
questions from (b), (c) and d.***

Unit-I

1. (a) Write down the time period for the various Exchange rate regimes.

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- (b) Explain the role and function of International Monetary Fund. 7
- (c) What do you mean by International Liquidity and SDR? Explain. 7
- (d) Elucidate the economic and monetary union. 7

Unit-II

- 2. (a) Bank A-USD / GBP Spot 0.5819 / 0.5919
 Bank B-USD / GBP Spot 0.5889 / 0.5999
 Is there any arbitrage opportunity? Why or why not explain briefly? 2
- (b) Explain the absolute form of Purchasing Power Parity. 7
- (c) A corporate treasurer is having 5,000,000 USD surplus for 91 days. He can invest it in U. S. Dollar deposit @ 8% or in (CHF) deposit @ 6% for 91 days. Advice him to invest based on following data :

USD / CHF	Spot	1.6540	
USD / CHF	91 days Fwd	1.6050	7
- (d) The following quotes are observed in London FOREX

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USD / GBP	Spot	1.5865/75
JPY / GBP	Spot	192.45/60
CHF / GBP	Spot	2.6540/50
DEM / USD	Spot	1.7563/80

Calculate the Quotes for :

- (i) DEM/GBP
- (ii) JPY/USD
- (iii) CHF/USD
- (iv) DEM/CHF 7

Unit-III

- 3. (a) Explain when is Call-option and a Put-option is in-the-money, at-the-money and out-of-money? 2
- (b) What features of a Futures contract differentiates it from a forward contract? 7
- (c) 'Future prices are an unbiased predictor of expected Spot prices in Future'. Comment. 7
- (d) On February 28, 2017 the following spot and future prices are available

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CHF / USD	SPOT	0.8065
	March Futures	0.8195
	June Futures	0.8325
	September Futures	0.8505

Explain how Speculator will take a position in futures market based on about data. Given that in September the price materialized was 0.8440 USD per CHF. 7

Unit-IV

4. (a) Draw the Risk Management Process. 2
- (b) "Greeks are relevant in designing hedges for positions arising from buying and writing Options". Explain. 7
- (c) What are the Financial Swaps? What are its major types? Explain. 7
- (d) Classify the Foreign Exchange Exposure. 7

Unit-V

5. (a) Differentiate between "Risk" and "Exposure". 2

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- (b) Write a short note on "Internal Hedging Strategies". 7
- (c) How a firm needs to cope with Operating Exposure by altering its operations? 7
- (d) Differentiate between "Transaction Exposure" and "Translation exposure". 7