



**Shri Shankaracharya Institute**  
**Of Professional Management & Technology**  
**Assignment Questions**  
**International Financial Management 576442(76)**

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Section – 1

Q1. Write short notes on

- a) SDR
- b) EMU

Q2. Briefly discuss why International trade takes place? Do factors affecting international trade also affect international capital movements? Explain.

Give advantages of FDI over FII.

Section – 2

Q1. What factors influence exchange rates? Explain various theories determining exchange rate.

Section – 3

Q1. Explain in detail:

- a) In the money
- b) At the money
- c) Out of the money

Q2. Differentiate between currency call option and currency put option.

Section – 4

Q1. What is International Fisher Effect? Explain in detail.

Section – 5

Q1. Explain the following with examples-

- a) Leading
- b) Lagging
- c) Netting
- d) Matching

Q2. Define the different types of exchange rate exposures? How do they differ from each other?



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Section – 1

Q1. Write Short notes on:

- a) International Monetary System
- b) International Monetary Fund
- c) Economic and Monetary Union
- d) Special Drawing Rights

Q2. Differentiate between mergers and acquisitions.

Q3. What do you mean by international business?

Section – 2

Q1. Explain the following in detail:

- a) Purchasing Power Parity
- b) International Fisher Effect:

Section – 3

Q1. Differentiate between spot and Forward market.

Q2. Explain the key difference between futures and forwards contracts on foreign currencies.

Section – 4

Q1. Differentiate between

- a) Exposure vs risk
- b) Floor Trader vs Scalper

Section – 5

Q1. Explain the meaning of following terms:

- a) Hedging vs Speculation
- b) Leading vs lagging

Q2. One importer imports copyrighted application software and others import watches. Which of these faces a greater degree of operating exposure and why? Explain in detail.



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Section – 1

- Q1. What do you understand by Exchange Rate Regimes?  
Q2. What are the challenges faced by finance managers due to financial meltdown in this globalized era.

Section – 2

- Q1. What is arbitrage? What are its rules and prerequisites? Explain 3-point arbitrage with the help of an example.

Section – 3

- Q1. What are the uses of futures in derivatives market? Explain in detail.

Section – 4

- Q1. Explain the elaborate classification of Foreign Exchange Exposure and Risk.  
Q2. Explain interest rate swaps.

Section – 5

- Q1. How can a firm cope with operating exposure?  
Q2. Write short notes on
- a) Leading
  - b) Lagging
  - c) Netting
  - d) Offsetting



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Section – 1

- Q1. Explain the developments which lead to floating exchange rate system.
- Q2. IMF is mandated to exercise firm surveillance over the exchange rate policies of members. Discuss.

Section – 2

- Q1. What is a bid ask spread? Explain with example.
- Q2. Explain what is Purchasing Power Parity and International Fisher Effect.

Section – 3

- Q1. What do you understand by currency future contracts? Explain what are the features of futures contracts?

Section – 4

- Q1. What are the types of exposure a firm has to face in FOREX market? What is difference between exposure and risk?

Section – 5

- Q1. Explain the methods of managing transaction exposure.



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Section – 1

Q1. What is meant by International Liquidity and special drawing rights? How is the value of a basket of SDR determined?

Q2. Do you agree that the floating exchange rate regime is better option to the fixed exchange rate regime discuss.

Section – 2

Q1. Explain what is purchasing power parity?

Q2. Explain the quotation

USD/CHF SPOT 1.62251/1.6235

Section – 3

Q1. Write short notes on:

- a) Price Quotation
- b) Options Terminology

Section – 4

Q1. What is the nature and management of exposure of risk? Explain risk management process.

Q2. What is an option in the money, at the money, out of the money? Explain in detail.

Section – 5

Q1. Among the classifications of exposure, which is difficult to manage? Explain why is it the most difficult one?



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Section – 1

- Q1. Why do nations trade? Explain the context of International Financial Management.
- Q2. International Monetary Fund is the apex body central bank of the nations. Explain this statement.

Section – 2

- Q1. What is exchange rate determination? What are the various theories under it? Explain in detail.

Section – 3

- Q1. How is a futures contract different from a forwards contract?

Section – 4

- Q1. Explain Swaps. What are the different kinds of swaps?
- Q2. Discuss the advantages and disadvantages of using currency futures against currency options to hedge a company's exchange risk.

Section – 5

- Q1. What is the Price and Quantity effect of exchange rate change?