

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA INTEGRATED/MAM - SEMESTER– VII EXAMINATION – SUMMER 2021

Subject Code: 2577142

Date: 11/08/2021

Subject Name: International Finance

Time: 02:30 PM TO 05:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** (a) Explain the Stages of Monetary Evolution **07**
 (b) Explain the Concept of Interest Rate Parity Theory **07**
- Q.2** (a) Explain the Concept of Balance of Payments **07**
 (b) Define and Differentiate between Nominal and Real Exchange Rate **07**
- OR**
- (b) Explain the significance of LIBOR in international Financial Transactions. **07**
- Q.3** (a) Define and Differentiate Currency Futures and Currency Options **07**
 (b) Dev Ltd. an Indian company has an export exposure of 100 lacs yen, value September end. The current spot rate is yen 310 = Rs.100 **07**
 It is estimated that Yen will depreciate and estimated rate will be, yen 334.88 = Rs.100.
 Forward rate for September, 1998 Yen 320.24 = Rs.100.
 How the position will change with company taking forward cover?
- OR**
- Q.3** (a) Describe the concept and mechanism of forward contract with respect to International financial Market. **07**
 (b) A company operating in a country having the dollar as its unit of currency has today invoiced sales to an Indian company, the payment being due three months from the date of invoice. The invoice amount is \$13750 and at today's spot rate of \$ 0.0275 per Rs. is equivalent to Rs.5,00,000. **07**
 It is anticipated that exchange rate will decline by 5% over the three month period and in order to protect the dollar proceeds to take appropriate action through foreign market.
 The three months forward rate is quoted as \$ 0.0273 per Rs.1
 If firm wants to enter in to three months forward, then what should be the Profit or loss from that position?
- Q.4** (a) Critically explain why forward currency contract is important in the international market **07**
 (b) Describe various Strategies for Foreign Direct Investment **07**
- OR**
- Q.4** (a) Write a note on “Corporate sources and uses of funds” **07**
 (b) Describe Cross Listing. Explain the Importance of cross listing in International Equity Market **07**

- Q.5** (a) What is Translation Exposure? explain various methods of Translation **07**
(b) What you mean by International Equity Market? Explain the concept of ADR and GDR **07**

OR

- Q.5** (a) Explain Transaction Exposure and Techniques to manage transaction exposure **07**
(b) Define Economic Exposure and its managing framework **07**
