

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 3 – EXAMINATION – SUMMER 2021

Subject Code: 4539242

Date: 09/09/2021

Subject Name: International Finance Management (IFM)

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** Explain the following terms: **14**
- a LIBOR
 - b BOP
 - c Interest rate parity
 - d Arbitrage
 - e Hedging
 - f Forward market
 - g Futures
- Q.2** **A** Explain the factors that affect Globalization and International financial market. **7**
B Write a note on EXIM Bank. **7**
- OR**
- B** Write a note on current and capital account of Balance of Payment. **7**
- Q.3** **A** Write a note on classic Gold Standard and Bretton Woods System. **7**
B Explain the difference between Nominal, real and effective exchange rates. **7**
- OR**
- Q.3** **A** Write a note on International Taxation. **7**
B What do you mean by Foreign Direct Investment? Explain the various strategies for FDIs. **7**
- Q.4** **A** Explain letter of credit and the parties involved in L/C. **7**
B What do you mean by purchasing power parity? Explain with example. **7**
- OR**
- Q.4** **A** Write a note on transaction and translation exposure in foreign exchange market. **7**
B Give a brief idea of the Euro Bonds Market. **7**
- Q.5** An exporter is exporting 500 units at a cost of \$ 80 each and importing 500 units of material at 30/unit, he incurs other variable expenses of Rs.40,000 at the time of entering the contract, exchange rate is Rs.60/\$, at the time of export it is Rs.58/\$. While rate at the time of order is Rs.65/\$, at the time of export is Rs.68/\$. If the price elasticity of demand is 2, what are the transaction and economic exposure? **14**

OR

Q.5

Find out the transaction gain/loss on the basis of the following data pertaining to India's foreign trade:

14

Particulars	US \$, million	Japanese Yen, million	British Pound, million
Imports	1250	650	800
Exports	1150	625	850
Pre-change rate	Rs.45/\$	Rs.0.40/Yen	Rs.70/pound
Post-change rate	Rs.47/\$	Rs.0.41/Yen	Rs.68/pound
