

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA Integrated - SEMESTER- VII EXAMINATION – SUMMER 2022

Subject Code: 2577142**Date: 04/06/2022****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) Define International Finance. Explain the various Opportunities and challenges of International Finance **07**
- (b) What is effective Exchange Rate? Explain how it is calculated with the help of hypothetical example? **07**
- Q.2** (a) Critically Explain Bretton Woods System and Exchange Rate Regime **07**
- (b) Explain the Concept of Balance of Payments **07**
- OR**
- (b) Explain IRP theory with hypothetical Example **07**
- Q.3** (a) Bank A quotes NZ \$1 = US\$ 0.4220 - 0.4225 **07**
 Bank B quotes NZ \$1 = US\$ 0.4226 - 0.4231
- What arbitrage opportunity exists? How much profit could be made by US citizen by performing this arbitrage on a principal amount of NZ\$ 10,000,000?
- (b) Describe the concept and mechanism of forward contract with respect to International financial Market. **07**
- OR**
- Q.3** (a) Define and Differentiate between currency futures and currency options **07**
- (b) Himani Corporation Ltd. an Indian company has an export exposure of 50 lacs yen, value August end. The current spot rate is yen 308 = Rs.100
 It is estimated that Yen will depreciate and estimated rate will be, yen 336.88 = Rs.100.
 Forward rate for August, 2020 Yen 321.24 = Rs.100.
 Calculate the forward Position of the Company
- Q.4** (a) Explain the Importance of the Currency Derivatives in an International Market **07**
- (b) Describe various stages of Foreign Direct Investment **07**
- OR**
- Q.4** (a) Define and Differentiate between ADR and GDR **07**
- (b) Explain Various Sources of International Finance **07**
- Q.5** (a) Explain the Concept of Economic Exposure with Hypothetical Example **07**
- (b) Critically Explain the Meaning and Importance of Cross Listing. **07**
- OR**
- Q.5** (a) Explain various techniques to eliminate the Transaction Exposure in International market. **07**
- (b) Explain concept and various methods of Translation Exposure **07**
