

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA INTEGRATED– SEMESTER - VII EXAMINATION- SUMMER-2023**

**Subject Code: 2577142****Date: 21/06/2023****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** (a) Explain in detail balance of payments. Elaborate the accounts of BOP. **07**
- (b) Discuss spot and forward markets and differentiate both with hypothetical example. **07**
- Q.2** (a) What is hedging and discuss the various needs for hedging in FOREX market. **07**
- (b) What is international finance? Discuss the nature of international financial functions. **07**
- OR**
- (b) Alice Duever purchased a put option on British pounds for \$0.04 per unit. The strike price was \$1.80 and the spot rate at the time the pound option was exercised was \$1.59. Assume there are 31,250 units in a British pound option. What was Alice's net profit on the option? **07**
- Q.3** (a) Write a note on Eurocurrency market and Euro bonds. **07**
- (b) How would you define transaction exposure? How is it different from economic exposure? **07**
- OR**
- Q.3** (a) What do you mean by term LIBOR? Discuss the various types of LIBOR. **07**
- (b) Explain the random walk model for exchange rate forecasting. Can it be consistent with technical analysis? **07**
- Q.4** (a) What is the meaning of currency futures? Discuss main features of currency futures. **07**
- (b) What is foreign exchange risk? How is it different from economic exposure? **07**
- OR**
- Q.4** (a) What is the meaning of nominal, real and effective exchange rates? Discuss with hypothetical examples. **07**
- (b) Discuss various corporate sources and uses of funds. **07**
- Q.5** (a) What are the advantages of a currency options contract as a hedging tool compared with the forward contract? **07**
- (b) Write a note on difference between international and domestic capital markets. **07**
- OR**
- Q.5** (a) Describe interest rate parity. Discuss the implications of interest rate parity for exchange rate determination. **07**
- (b) What is Foreign Direct Investment? Explain the various strategies for FDI **07**

\*\*\*\*\*