

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA SEMESTER- III - EXAMINATION-SUMMER-2024

Subject Code: 4539242**Date: 01/05/2024****Subject Name: International Finance Management****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.

		Marks
Q.1	(a) Currency Futures (b) Interest parity (c) Hedging (d) LIBOR (e) Spot Market (f) Forward Market (g) Foreign Exchange Exposure	14
Q.2	(a) What is International Finance Management (IFM) and why is it important for businesses operating globally? (b) What are the key differences between domestic finance management and international finance management? <p style="text-align: center;">OR</p> (b) How do exchange rate risk impact international financial management and what strategies can businesses use to mitigate this risk?	07 07
Q.3	(a) Explain the concept of capital budgeting in the context of international finance. How do exchange rate fluctuations affect investment decisions? (b) What are the major sources of financing for international businesses, and how does the choice of financing impact the overall financial strategy of a multinational corporation? <p style="text-align: center;">OR</p> (a) Describe the role of multinational banks and financial institutions in international finance management. How do they facilitate global transactions and manage risks? (b) What is the significance of international trade finance in global business operations? How do trade finance instruments like letters of credit and export credit insurance work?	07 07 07

- Q.4 (a)** How do tax considerations influence the financial decisions of multinational corporations? What are some common tax planning strategies for minimizing tax liabilities in international operations? **07**
- (b)** Explain the concept of hedging in international finance. What are the different hedging instruments and techniques that can be used to protect against currency and interest rate fluctuations? **07**

OR

- Q.4 (a)** What role does the International Monetary Fund (IMF) play in international finance management, and how does it contribute to global financial stability? **07**
- (b)** How do economic and political factors in different countries impact international finance management decisions, such as investment location and currency exposure? **07**

Q.5 XYZ Corporation, a successful manufacturing company based in the United States, has decided to expand its operations globally. The company's management believes that expanding into international markets will not only increase revenue but also diversify risk. XYZ Corporation manufactures high-end electronics and has been operating profitably in the U.S. for several years.

- (a)** What are the Challenges and Problems they will face? **07**
- (b)** How can XYZ Corporation ensure optimal working capital management while reducing the risks associated with currency fluctuations? **07**

OR

- (a)** How should the company mitigate this risk? **07**
- (b)** What are the advantages and disadvantages of each financing option in an international context? **07**
