

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

## GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER- III EXAMINATION – WINTER 2019

**Subject Code: 4539242**

**Date: 04-12-2019**

**Subject Name: International Finance Management**

**Time: 10:30 AM TO 1.30 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** Define the following Terms: **10**

1. Balance of payment
2. Arbitrage
3. Economic Exposure
4. International Finance
5. Interest rate parity

**Q:-1 (A)** Discuss factors affecting Globalization. **04**

**Q.2 (A)** What is International Finance? Differentiate International Finance and Domestic Finance. **07**

**(B)** Define interest rate parity. Discuss the implications of interest rate parity for exchange rate determination. **07**

**OR**

**(B)** Discuss various types of letter of credit in detail. **07**

**Q:-3 (A)** What are various determinants of Forex rates? **07**

**(B)** Discuss in detail the role of WTO in international business. **07**

**OR**

**Q.3 (A)** Write a short note on ECGC. **07**

**(B)** Discuss the role of Multinational firms in Global Business. **07**

**Q.4 (A)** Write a short note on EXIM Bank. **07**

**(B)** Define Exposure; write a detail note on three types of exposures in international business. **07**

**OR**

**Q.4 (A)** Define Balance of payment, discuss various components of BPO and comment on India's current BPO position. **07**

**(B)** Write a short note on Classical Gold Standard. **07**

**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	JapanYen Million	British Pound Million
Imports	1200	600	850
Exports	1100	620	800
Pre Exchange Rate	RS.45/\$	Rs.0.30/Yen	Rs. 70/Pound
Post Exchange Rate	RS.47/\$	Rs.0.40/Yen	Rs. 65/Pound

**OR**

**Q:-5** A company expects cash flow from its new project to the extent of \$5500, \$6000, \$6500 and \$ 7000 respectively during first three years of operation. **14**  
However, due to changes in exchange rates, the cash flow is affected and it will change to \$ 4500, \$5800, \$ 5500 and \$ 6500. Find the magnitude of the possible real operating exposure during the initial of operation assuming a discount rate of 10%.

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