

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER -III– EXAMINATION – WINTER 2021**

Subject Code: 4539242

Date: 23-02-2022

Subject Name: International Finance Management

Time: 10:30 AM TO 01:30 PM

Total Marks: 70

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.	Question Text and Description	Marks
Q.1	(a) Currency futures (b) LIBOR (c) Interest parity (d) Currency options (e) Direct Quote (f) Hedging (g) Options	14
Q.2	(a) Write a short note on Gold Standard, Bretton Woods System and Exchange Rate Regime since 1973. (b) Explain the concept of International portfolio management. Discuss the problems of international investment.	07 07
<b>OR</b>		
	(b) What is interest rate parity? Discuss the implications of interest rate parity for exchange rate determination	07
Q.3	(a) What is International financial management? Explain modes of internationalization of business. (b) What are Currency futures and options? What are their features explain?	07 07
<b>OR</b>		
Q.3	(a) What is the difference between International and domestic capital markets? Explain in detail. (b) How is Exchange rate determined in spot and forward markets? Explain.	07 07
Q.4	(a) What are the Strategies for Foreign Direct Investment? (b) Describe opportunities and challenges of multinational financial management in brief.	07 07
<b>OR</b>		
Q.4	(a) What is letter of credit? Discuss various types of letter of credit in detail. (b) What is meaning of exposure? Explain types of exposure.	07 07

**Q.5**

Explain on the basis of following data:

Unit	Goods	US
		\$ Price/Unit
4	Rice	1
20	Wheat	2

  

Unit	Goods	India
		\$ Price/Unit
20	Rice	40
10	Wheat	80

- (a) Absolute version of PPP theory holds good **07**  
(b) Law of one price holds good **07**

**OR**

**Q.5**

If exchange rate at the end of 2019-20 is Rs. 43.19/US \$ and if the rate of inflation in India and USA during 2020-21 is respectively 7 percent and 4 percent:

- (a) Inflation rate differential between two countries **07**  
(b) The exchange rate at the end of 2020-21. **07**

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