

M.Com. 4th Semester Examination, 2024

COMMERCE

(International Financial Management)

PAPER – COM-402(Old)

Full Marks : 50

Time : 2 hours

Answer all questions

The figures in the right hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

COM— 402.1

[*Marks : 20*]

1. Answer any *two* of the following : 2 × 2

(a) What is spot rate ?

(b) What is foreign exchange market ?

(c) What is direct quote ? Give an example.

(d) Name any four participants in a forex market.

2. Answer any *two* of the following : 4×2

(a) Write down the features of foreign exchange market.

(b) What do you understand by hedging and speculation ?

(c) Explain International Fisher Effect.

(d) What is spread ? How is it calculated ?
Give an example. $2 + 2$

3. Answer any *one* of the following : 8×1

(a) Discuss in brief the Purchasing Power Parity theory.

(b) Explain any two factors that affect exchange rate.

COM- 402.2

[Marks : 20]

4. Answer any *two* of the following : 2 × 2
- (a) Write the full form of ADR and GDR.
 - (b) What are floating rate bonds ?
 - (c) What is capital budgeting decision ?
 - (d) How is the net present value of a project computed ?
5. Answer any *two* of the following : 4 × 2
- (a) What is syndicate loan ? Explain.
 - (b) Explain transaction exposure with the help of an example.
 - (c) What is put option and call option ?

(d) Explain translation exposure.

6. Answer any *one* of the following : 8×1

(a) Write the meaning of the following terms :
exercise price in the case of an option,
'in the money' call option, 'at the money'
put option, cost of capital. $2 + 2 + 2 + 2$

(b) Explain the following hedging techniques :

(i) Leading and lagging

(ii) International diversification. $4 + 4$

[Internal Assessment – 10 Marks]
