2025

MBA 3rd Semester Examination

MBA

Paper : 306G

[International Financial Management]

Full Marks : 100 Time : Three Hours

The figures in the margin indicate full marks. Candidates are required to give their answers in their own words as far as practicable.

Group - A

Answer any ***eight*** questions : 5×8=40

1. Briefly explain the different modes of international business.

2. State the concepts of ethnocentric, polycentric and geocentric firms.

3. Mention the names of any two major financial institutions in the international financial systems and state two objectives of each.

4. Explain the different methods of quoting foreign exchange rates.

5. Briefly state the motives for the internationalization financial transactions.

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6. Discuss, in brief, any two internal hedging strategies that may be used for hedging transaction exposure.

7. Explain the terms: Bid rate, Offer rate and Bid-offer spread.

8. The inflation rates in India and USA over the year are expected to be 7.5% and 4% respectively. The current dollar-rupee exchange rate is Rs. 83.15/US \$. The interest is likely to be 5% in the USA. What would be the expected nominal interest rate at the year end?

9. Principal amount of debt: Rs. 1 billion.
   Rate of interest : 16%.
   Flotation cost of debt : Rs. 60 million
   Interest is to be paid at the end of each year and the principal sum borrowed is to be repaid in a lump sum at the end of the 5th year. Subsidiary is subject to no taxes in India. The rupee is expected to depreciate in relation to the US dollar at the rate of 3% each year for 5 years. Determine the effective cost of debt to the US parent MNC. Assume the current exchange rate of US \$ to Indian rupees to be 83.15.

10. Narrate the fundamentals factors affecting exchange rate fluctuations.

11. Explain the concept of covered interest arbitrage with example.

12. State, in brief, operating exposure and translation exposure.

Group - B

Answer any *four* questions : 10×4=40

13. Name some of the complexities of international financial management as compared to domestic financial management.

14. Describe, in brief, the evolution of international monetary system.

15. Explain the International Fisher effect using suitable examples.

16. Narrate the features of the Tier 1 Foreign Exchange Market.

17. How is the exchange rate in the spot market determined? Explain.

18. Discuss briefly the different sources for International Funds.

Internal Assessment : 20 marks