

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

Subject Code: 1549502**Date: 25/04/2024****Subject Name: International Finance****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q. No.	Question Text and Description	Marks
Q.1	Explain the terms: (a) Special Drawing Rights (b) Offshore Banking (c) Nostro Account (d) Direct and Indirect Quote (e) LIBOR (f) Dirty Floating (g) Economic Exposure	14
Q.2	(a) Discuss the difference between international financial management and domestic financial management.	07
	(b) Explain multinational corporations (MNCs) and what economic roles do they play explain with help of examples.	07
	OR	
	(b) Briefly discuss the various types of international banking offices.	07
Q.3	(a) Explain the global financial crisis which had negative impact on various countries in the world.	07
	(b) Explain the term Balance of Payments. Discuss in details with all types of Accounts involved in Balance of Payments.	07
	OR	
Q.3	(a) Explain meaning and importance of foreign exchange market. Also explain in brief parties involved in foreign exchange market.	07
	(b) Explain international monetary system in detail. Discuss the criteria for a “good” international monetary system.	07
Q.4	(a) Explain the meaning of letter of credit. Explain types of Letter of Credit in detail.	07
	(b) Briefly define each of the major types of international bond	07

market instruments, noting their distinguishing characteristics.

OR

- Q.4** **(a)** Explain the term “FDI” and discuss its advantages and disadvantages. Also narrate the Importance of political risk analysis in FDI. **07**
- (b)** Write a detail note on management of transaction exposure and management of translation exposure. **07**
- Q.5** **(a)** The rate of inflation in India is 8% per annum and in the USA it is 4%. The current spot rate for USD in India is ₹ 46. What will be the expected rate after 1 year and after 4 years applying the Purchasing Power Parity Theory. **07**
- (b)** Discuss the major trends that have prevailed in international business during the last two decades. **07**
- Q.5** **(a)** On April 1, 3 months interest rate in the UK AND US \$ are 7.5% and 3.5% per annum respectively. The UK £ / US\$ spot rate is .7570. What would be the forward rate for US \$ for delivery on 30th June. **07**
- (b)** Explain the objectives of cash management. If an Indian company has to manage its cash which factors should be considered. **07**
