

**MASTERS OF BUSINESS ADMINISTRATION  
(MBAEV)**

**Term-End Examination**

**December, 2013**

**MCNE-059 : INTERNATIONAL FINANCIAL  
MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : (i) Answer any five questions.*

*(ii) All questions carry equal marks.*

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1. (a) How does the forward market differ from the futures and options markets ? **10+10=20**  
(b) Explain the changing International monetary system. Explain the current international monetary system.
  
  2. Explain various reasons for the differences in the cost of capital across various countries. How is the cut off rate for foreign projects determined ? Discuss using suitable cases. **20**
  
  3. Distinguish between the monetary theory and the flow theory of exchange rates. Which one is more applicable in Indian context and why is it so ? **20**

4. Explain why favourable economic and political conditions affect the MNC's cash flows, required rate of returns and valuations. Also identify more obvious risks faced by MNC's that expand internationally. 20
5. Distinguish between ADR and GDR. Briefly explain various modes of payment available in international trade. 20
6. Explain purchasing power parity and reasons for its deviations. Also discuss its applications. 20
7. How is risk analysis done for International investment decisions ? Explain with suitable examples. 20
8. Short notes **any four** : 4x5=20
- (a) Interest rate parity
  - (b) Import regulation
  - (c) International project appraisal
  - (d) International equity investment
  - (e) Forex market and money market
  - (f) Operating exposure
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