

MANAGEMENT PROGRAMME

Term-End Examination

December, 2015

**MS-45 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

Note : Attempt any five questions. All questions carry equal marks.

1. How do Multi National Companies (MNCs) come into existence ? What steps should an MNC follow to expand its reach globally ?
2. What are the main features of the exchange rate regime that was designed at Bretton Woods ? Discuss the different options available under the fixed exchange rate system and floating exchange rate system.
3. What do you understand by forward market ? Describe significant features of a Forward Contract and the meaning of Arbitrage.
4. Describe the salient features of Currency Futures and Currency Forward and point out the difference between them.

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5. What are Depository Receipts ? Why are they issued and by whom ? Describe the characteristics of Global Depository Receipts (GDRs) and American Depository Receipts (ADRs). How are ADRs different from GDRs ?

 6. Discuss the different types of Export Credit granted by banks. What is the role of Letter of Credit in this regard ? Explain the procedure of negotiation of bills under Letter of Credit.

 7. Why is cost of capital different across countries ? Describe the factors contributing to differences in the risk-free rate and the risk premium.

 8. What is meant by Foreign Direct Investment (FDI) ? What are the major stimulating factors that spur foreign investment in a country ?
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