

00696

**MASTER OF BUSINESS ADMINISTRATION
(MBACN)**

Term-End Examination

June, 2013

**MCNE-018 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

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

1. Explain Interest Rate Parity with the help of a suitable example. Mention the Market Conditions Compulsory for Interest rate parity to hold Good. 20

2. (a) Define Foreign Exchange. Explain the features of foreign Exchange Markets. 10+10=20
(b) Explain in detail the factors affecting Exchange rates of a country.

3. Write notes on the following : 4x5=20
 - (a) Currency options
 - (b) Bretton woods system of exchange rates
 - (c) Central Bank Intervention
 - (d) Weighted Average Cost of Capital (WACC)

4. (a) Evaluate the advantages and disadvantages of FDI. What in your opinion is the role of FDI in economic development of the host country ? 10
- (b) Explain various issues involved in International project appraisal. 10
5. Define Foreign Exchange Exposure. What do you understand by Translation Exposure ? Explain the various translation methods. 20
6. (a) "Forward transactions are subject to problems". What are these problems ? How do futures and options market deal with them ? 10
- (b) Explain the functions and objectives of IMF. 10
7. Explain the reasons for decentralized cash holding and positioning of funds by a MNC. 20
8. Define Eurocurrency Market. What are the factors responsible for the Growth of Euro Markets ? Explain any two financial instruments that can be used for raising funds from the Euro Markets. 20
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