

**MASTER OF BUSINESS ADMINISTRATION
(MAFCI)**

**Term-End Examination
June, 2013**

**MCNE-070 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

*Note : (i) Attempt any five questions.
(ii) All carry equal marks.*

1. Comment on the foreign investment scenario in India. Do you think that the recent fall in the crude prices and world financial crisis will have a dual effect on the investment climate in India especially foreign investment and ECBs ?
2. (a) Define translation exposure and indicate the two widely adopted method of translation. In light of the globally accepted accounting practices, explain the method of treatment of translation differential.
(b) Compare transaction and economic exposure. Which do you think is more difficult to estimate and why ?
3. Indicate the impact of macro-economic factors on exchange rates. What is the need to control exchange rates by central bank ? Quote two strategies adopted by RBI recently to protect the declining Indian rupee ?

4. Highlight the importance of Depository Receipts in mobilization of international capital.
 5.
 - (a) Illustrate the structure of interest rate and currency swaps giving appropriate examples.
 - (b) State the mechanism of calculating international cost of capital.
 6.
 - (a) List the various parity theories of exchange rate determination.
 - (b) Outline the various challenges to International Financial Management in view of the current state of Global Financial Markets.
 7. Briefly describe the following (*any two*) :
 - (a) Contemporary Currency Regimes
 - (b) Roll Over Forward Contracts
 - (c) Balance of Payments Approach
 - (d) Linkage-Forex Market and Euro Deposit Market
 8. List the various function of International Finance Market. Give appropriate examples.
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