

MANAGEMENT PROGRAMME

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Term-End Examination

2

December, 2011

**MS-45 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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

1. Write short notes on *any four* of the following :
 - (a) Asset-Liability Management
 - (b) Multilateral Netting
 - (c) Trickle-down Investment
 - (d) MM Hypothesis or Cost of Capital
 - (e) Capital Market Distortions
 - (f) Eurodollars

2. Why do Foreign Exchange Rates Fluctuate ? How do these fluctuations affect us ? What can be done to minimise these fluctuations ?

3. How does Export Credit Guarantee Corporation (ECGC) assist international trade ? Give details of the various policies issued by it.

4. (a) 'Centralized Cash Management is better than Decentralized Cash Management'
Discuss.
(b) Discuss the techniques used by the MNCs to optimize the Cash flows.
5. How would you distinguish between direct investment and Portfolio investment ? When is one preferable over the other ? Discuss their relative advantages and disadvantages.
6. 'The International Financial Environment has become very volatile'. Do you agree ? Discuss taking into account all relevant factors.
7. (a) Why did the International Monetary system move from a Fixed Exchange Rate System to a Floating Exchange Rate System ? What has been its impact ?
(b) Do developing countries face special problems in financing their international trade ? If so, what are these problems ? Discuss.
8. (a) What is Accounting Exposure ? What is its significance ? How do we manage this exposure ?
(b) 'Transfer pricing needs very close examination'. Why is it so ? When is transfer pricing used ?