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MS-45

MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2022

**MS-45 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

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

1. What do you understand by 'Debt Crisis' ? Explain the origin of debt crisis of developing countries and discuss in detail the East Asian Financial Crisis of 1997 including the lessons learnt from the crisis.
2. What do you understand by Exchange Rate Arrangement ? Explain in detail the Gold Standard and discuss the causes for its suspension and subsequent abandonment. Which system finally replaced the gold standard and what led to the collapse of that system also ?

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3. What do you understand by Interest Rate Parity (IRP) relationship ? Explain the reasons for its deviation. Using the IRP relationship, construct an arbitrage portfolio of two currencies.
4. What are 'Currency Swaps' ? Describe 'Fixed to fixed rate currency swaps' and 'Fixed to floating currency swap' with an illustration.
5. Describe the different types of 'Exchange Rate Exposures' with examples.
6. Explain the role of 'Export Credit Guarantee Corporation' and describe in detail the products and services offered by it.
7. Why do cost of capital vary across countries ? How is the cut-off rate for foreign projects determined ?
8. Discuss the differences in management of working capital by domestic and multinational enterprises. Describe the problem of managing cash in multinational corporations and discuss the techniques used to optimize cash flows.