

**POST GRADUATE DIPLOMA IN GLOBAL
BUSINESS LEADERSHIP (PGDGBL)**

Term-End Examination

June, 2012

**MGBE-016 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions.

All questions carry equal marks.

1. Does foreign exchange risk matter ? Discuss the various methods used by global companies in centralizing exposure management.
2. Discuss the factors behind the globalization of international banking and changing role of financial instruments.
3. Discuss the role of foreign capital in growth process. Why has it generally yielded conflicting results ?
4. Critically examine the recent measures taken by the countries worldwide to improve their investment climate.

5. What are currency future options ? Since a forward market already existed, why was it necessary to establish future and currency options contracts ?
6. Discuss the use of fundamental and technical techniques for forecasting exchange rates. What are the limitations of these using forecasting techniques to predict exchange rates ?
7. How are Sovereign Wealth Funds different from Private Equity Funds ? Critically examine the concerns about Sovereign Wealth Funds which need urgent consideration.
8. Explain the International Fisher Effect (IFE). What is the rationale of the existence of the international fisher effect ? What are the implications of IFE to firms with excess cash that consistently invest in foreign Treasury bills ?
9. "An important feature of the main determinants of a currency's international status is that they tend to change slowly, inducing inertia. Network externalities exacerbate this inertia and create strong path-dependence." Comment.

