

MANAGEMENT PROGRAMME

Term-End Examination

June, 2022

**MS-045 : 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 'International Financial Architecture' ? Explain the historical perspective of international financial architecture and discuss the origin of the debt crisis of developing countries.
2. Discuss the broad features of the Bretton Woods system and explain the reasons for its collapse. Discuss the various systems of exchange rate management followed by countries around the globe.

3. What do you understand by Purchasing Power Parity (PPP) relationship ? Explain the application of PPP in determining exchange rate. Does the PPP predict the exchange rate accurately ? Discuss the reasons for deviations from Purchasing Power Parity relationship.
4. What is a 'Currency Option' ? Discuss the factors that determine the premium or price of an option. Describe the profit profile of buyer and seller of call and put options.
5. Describe briefly different types of exchange rate exposures and discuss in detail the techniques used to manage each type of exposure.
6. What are the various types of export credit ? Explain the purpose and features of 'Pre-shipment export credit' and 'Post-shipment export credit'.
7. Describe the issues/factors pertaining to cross-border investments and discuss the bearing that they have on capital budgeting decisions of multinational corporations.

8. Discuss the factors that motivate 'Foreign Direct Investment (FDI)'. What are the subsequent decisions after FDI which multinational corporations take to ensure sustainable competitive superiority?
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