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

Term-End Examination

June, 2011

**MGBE-016 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions.

All questions carry equal marks.

1. "Global welfare is maximized if capital is free to flow toward countries in which the marginal product of capital is highest." Comment. **20**

2. Compare and contrast transaction exposure and economic exposure. What factors affect a firm's degree of transaction exposure in a particular currency ? **20**

3. In the light of increasing use of structured products and to ensure that customers understand the nature of risk in these complex instruments, discuss the current regulatory framework and the growth of Indian forex and derivative markets. **20**

4. Critically examine the theory of a single currency. 20
 5. Discuss the challenges posed by the surge in capital flows to the conduct of monetary and exchange rate policy. 20
 6. Discuss the interdependence between global financial institutions and markets. What are the limitations in international financial markets diversification ? 20
 7. What are currency future options ? Since a forward market already existed, why was it necessary to establish future and currency options contracts ? 20
 8. Why has the active management of sovereign external debt portfolio become imperative for India in recent years ? 20
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