

**MBA Degree (FT) III Semester End Semester Examination- December, 2022****21-371-0312: International Finance**

(Regular)

**Time: 3 Hours****Max Marks: 50****Course Outcomes:** On completion of the course, the student will be able to:

<b>CO1</b>	Remember the key concepts related to International Finance
<b>CO2</b>	Understand the role of key finance organizations in the global economic system and international capital and foreign exchange market
<b>CO3</b>	Apply knowledge of foreign exchange hedging to identify and manage the foreign exchange risks faced by globally active firms
<b>CO4</b>	Analyze the Key operations of foreign exchange market tools and strategies
<b>CO5</b>	Evaluate current conditions in developing emerging markets, and evaluate present and future opportunities and risks for international financial activities like Forex and financial flows
<b>CO6</b>	Create framework to support successful decision-making in all relevant functions and financial activities within the competitively international environment

**BL – Bloom's Taxonomy :(L1- Remember, L2 - Understand, L3 – Apply, L4-Analyse, L5-Evaluate, L6-Create)**

**PART A****(Answer ALL questions. Each question carries 2 marks)**

Q No.	Questions	Marks	BL	CO
1	Define CAC.	2	1	1
2	List out the factors determining BOP of a country	2	2	2
3	Distinguish between currency depreciation and devaluation.	2	3	3
4	What is meant by 'currency spread'?	2	3	2
5	'India's current account deficit has widened these years, while the economy has strong positive balances in capital account.' Why?	2	4	4

**(5X2=10 marks)**

**PART B**

*(Answer ANY FIVE Questions. Each question carries 4 marks)*

Q. No.	Questions	Marks	BL	CO
6	Compare the performance of Indian economy during pre and post reform phase. 'Institutional developments help India to consolidate her foreign exchange reserves.' Do you agree?	4	2	2
7	Differentiate between currency forward and future contracts. Which is more useful in currency risk management?	4	3	3
8	Write short notes on: a. SAP b. Currency pegging c. Managed float d. NTBs	4	1	2
9	Define 'foreign exchange control'. What are the measures adopted by central banks to impart exchange control.	4	4	4
10	Compare and contrast 'FDI' and 'FPI'. Which mode of investment is good for emerging market economies?	4	3	3
11	Distinguish between REER and NEER. Discuss the main factors contributing to the volatility of exchange rates in an economy.	4	4	4
12	What is meant by triangular arbitrage? Consider the following quotes: EUR/INR = 84.5; EUR/USD = 1.03; USD/INR = 81.80. Examine the potential of triangular arbitrage, if a trader has 100000 INR with him	4	4	5

**(5X4=20 marks)**

**PART C**

*(Answer ANY TWO questions. Each question carries 10 marks)*

Q. No.	Questions	Marks	BL	CO
13	Discuss the concept of Balance of Payments. Also explain different types of disequilibrium in BOP and critically examine the various measures pursued by economies for the disequilibrium adjustments.	10	4	4
14	Institutional framework is essential for the ordered growth and development of world economy. Do you agree? Also discuss the role and functions played by IMF and World Bank in liquidity management/economic development of member countries.	10	5	5
15	Explain the terms 'risk' and 'exposure' in foreign exchange market. Critically examine the role and functions of derivative markets in currency risk management.	10	5	5

**(2x10=20 marks)**

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