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M.Com. (Semester – IV) Examination, April 2018
COO4A3 : INTERNATIONAL FINANCIAL MANAGEMENT (OA – 18)

Duration : 3 Hours

Max. Marks : 60

- Instructions :** 1) This paper consists of **Nine** Questions Carrying **Equal** Marks.
2) Question No. 1 consists of **5 Compulsory** Questions of **2 Marks Each**.
3) Answer **any 5** questions from Question 2, 3, 4, 5, 6, 7, 8 and 9.
4) **Each** question carries **10** marks. Figures to the **right** indicate marks.

1. Answer the following. (5x2=10)

- a) Distinguish between gold specie standard and gold bullion standard.
 - b) What is International Project Appraisal ?
 - c) Differentiate between American Quotation and European Quotation.
 - d) What is Parallel Loans ?
 - e) What are Floating Rate Notes ?
2. Briefly explain types of exchange rate regimes since 1973. 10
 3. Elaborate on International Equity Benchmarking. 10
 4. Explain Purchasing Power Parity Theory (PPP). Why does PPP fail ? 10
 5. What is Operating Exposure ? Briefly explain various aspects of operating exposure. 10
 6. Briefly describe the performance of World Bond Market. 10
 7. Describe the factors affecting the MNC's Capital Structure decisions. 10

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8. a) Find INR/JPY 2 months out rights. 5
USD/INR Spot : 45.75/80, 2 months swap : 12/20
USD/JPY Spot : 125.50/126.10, 2 months Swap : 20/15
- b) A New York bank quotes : GBP/USD Spot : 1.6540/50 5
A London bank quotes : USD/GBP Spot: 0.6030/35
Is there an arbitrage opportunity ? How it would be implemented ?
9. Discuss various hedging alternatives that are available for the exporter and importer on the basis of the below mentioned information : 10
- a) Spot Rate is Russian Rubble (Rub) 40/US \$.
- b) 90-day forward rate is Rub.39.50/US \$.
- c) Interest Rate on borrowing in Russia and the USA is 6% p.a.
- d) Interest Rate on deposit/investment is 5% p.a.
- e) A 90-day call option is having a strike price of Rub.39.60 and a premium of Rub. 0.05 per dollar.
- f) A 90-day put option is having exercise price of Rub.39.80 and a premium of Rub.0.05 per dollar.
- g) Spot rate on the 90th day is Rub.39.80/US \$.