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Question Paper Code : 85551

M.B.A. DEGREE EXAMINATION, FEBRUARY 2012.

Elective

DBA 1753 — INTERNATIONAL FINANCIAL MARKET AND SERVICES

(Regulation 2007/2009)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is transaction cost theory?
2. Define FDI.
3. Give an example for Vehicle Currency.
4. What is a Forward Margin?
5. Using an example distinguish between Direct and Indirect quote.
6. Define a Spot Rate.
7. Distinguish between Forward and Futures Contract.
8. What is option Premium?
9. How can Parallel loans be used to access blocked funds?
10. Define an MNC.

PART B — (5 × 16 = 80 marks)

11. (a) Why is FII considered inherently more unstable than FDI? Enumerate the policy pronouncements on Foreign Investments in the last budget and its implications for domestic firms.

Or

- (b) Enumerate the firm specific advantages of Internationalization.

12. (a) Discuss the advantages of spot market and forward market.

Or

(b) Describe the structure of Indian Foreign Exchange Market.

13. (a) Distinguish between Fundamental and Technical Exchange rate Forecasting Techniques.

Or

(b) Discuss the limitations of Foreign Exchange Forecasting Technique.

14. (a) Briefly discuss the currency option strategies.

Or

(b) Describe the four basic derivative products. How many of them are available in India?

15. (a) Critically evaluate the importance of International finance from the perspective of multinational firms and retail investors

Or

(b) Discuss how cash flows are measured for foreign investments analysis . Show the adjustments made for risk in cash flow measurement and discount rate.