



**MBA DEGREE EXAMINATIONS: NOV/DEC 2023**

(Regulation 2021)

Third Semester

**MASTER OF BUSINESS ADMINISTRATION**

P21MBE0150: International Finance

**COURSE OUTCOMES**

- CO1:** Explain the concepts of International Finance , Exchange rates ,Exchange rate systems basics of Behavioural Finance and Behavioural biases.
- CO2:** Appraise the International Parity Theories and Balance of Payments.
- CO3:** Explain the International risk management and the functions of International financial institutions.

**Time: Three Hours**

**Maximum Marks: 100**

**PART A (5Q x 6M = 30 Marks)**

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| 1. | Recall how firms engage in international business.             | CO1 [K <sub>1</sub> ] |
| 2. | Explain the exchange rate systems used by various governments. | CO1 [K <sub>2</sub> ] |
| 3. | Explain the significance of International Fisher effect.       | CO2 [K <sub>2</sub> ] |
| 4. | List the risks involved in International Trade Finance.        | CO3 [K <sub>1</sub> ] |
| 5. | State the significance of ECB's.                               | CO3 [K <sub>1</sub> ] |

**PART B (5Q x 10M = 50 Marks) Answer Any Five Questions only**

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| 6.  | Explain the role of Multilateral Financial Institutions in the International market.   | CO1 [K <sub>2</sub> ] |
| 7.  | Explain the broad features of the fixed parity system of exchange rate initiated by the IMF during 1940's. What were the factors responsible for its collapse by early 1970's. | CO1 [K <sub>2</sub> ] |
| 8.  | Who are the participants in foreign exchange market? How are foreign exchange rates determined?  | CO1 [K <sub>1</sub> ] |
| 9.  | Show the significance of the Interest Rate Parity theory. Is it sufficient to explain the forward exchange rate?   | CO2 [K <sub>2</sub> ] |
| 10. | Outline the relevance of a MNC's exposure to foreign exchange risk.  | CO3 [K <sub>2</sub> ] |

11. What is meant by translation exposure? Do the different methods of translation arrive at different sizes of translation exposure? CO3 [K<sub>1</sub>]
12. Explain Balance of Payments? What is its significance in International finance? CO3 [K<sub>2</sub>]

**Part – C (1x20=20 marks) Compulsory**

13. The globalization of capital markets has encouraged issuers the world over to increasingly look beyond the borders of their home markets to expand their investor base and raise funds by way of equity and debt. Simultaneously, investors have increasingly sought to diversify their holdings and increase yields. This has led to the emergence of a vast global financial market transcending national boundaries and enabling massive cross-border capital flows from those who have funds and are in search of high returns to those seeking low cost funding.
- While Indian companies have been tapping the foreign currency loan market since long, they were allowed to access the international equity market only after 1991, consequent upon the introduction of economic reforms and New Economic Policy (NEP). Although there have been issuances by Indian companies in the international debt capital markets by way Floating Rate Notes (FRNs) and Fixed Rate Bonds ( e.g., Yankee Bonds), in the Indian context , issues in the international capital markets through the mechanism of Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) are commonly referred to as Euro Issues.
1. What is the procedure of issuing Euro –equities?
  2. List out the benefits accruing to the issuer of euro equities.

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