

Code No: 764AE

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA IV Semester Examinations, February - 2025

INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3 Hours

Max.Marks:75

- Note:** i) Question paper consists of Part A, Part B.
ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.
iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART - A

(25 Marks)

- 1.a) Describe the scope of International Financial Management. [5]
- b) Brief on functions of Economic and Monetary Union (EMU). [5]
- c) Explain the concept of Arbitrage. [5]
- d) Illustrate the Fisher Effect. [5]
- e) Examine the importance of Bond Financing in International financing. [5]

PART - B

(50 Marks)

2. Distinguish between Domestic and International Financial Management with suitable examples. [10]

OR

3. What are the recent changes taken place in International Financial Management? [10]
4. What do you understand by the concept of Balance of Payments? What factors are responsible for Disequilibrium in Balance of Payments? [10]

OR

5. Elucidate in detail about the Evolution of International Monetary System. [10]
6. Give a structure, functions of Forex Markets and brief on foreign exchange quotations. [10]

OR

- 7.a) An Indian MNC has export receivables of € 10 million due in two months. The current exchange rate is Rs. 53/€. The company expects the spot rate at the end of two months to be Rs. 54/€. The company can sell euros forward contract at Rs. 54.2/€, or it can buy a put option contract at a strike price of Rs. 53.10/€. The option premium is Rs. 10,000. Do you advice the company to hedge or leave its receivables position unhedged?
- b) Brief on Euro bond market. [6+4]

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8.a) Outline the factors which are influencing Exchange Rates.

b) How do you measure exchange rate movements?

[6+4]

OR

9. Compaque Company has to make a US\$ 1 million payment in 3 months time. The dollars are available now. You decide to invest them for 3 months.

US deposit rate : 9% p.a.

UK deposit rate : 10% p.a.

Present Spot rate is \$ 1.90/pound

Three month forward rate is \$ 1.88/pound.

a) Where should the company invest for better returns?

b) Assuming that the interest rates and the returns spot exchange rate remain as above, what forward rate would yield an equilibrium situation?

c) If the sterling deposit rate was 12% p.a. and all other rates remain as in the original question, where should you invest?

[3+3+4]

10.a) What are the various Pros and Cons of Foreign Direct Investment?

b) Brief on International portfolio management.

[5+5]

OR

11.a) Outline the recent amendments taken place with regard to India's EXIM Policy.

b) Describe the functions of Export-Import bank of India.

[5+5]

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