

PGDM- IB IV; Trim 2018-20

International Finance

(End- Trimester Examination)

Max marks 50

Duration: 3 Hrs

Date : 23rd Sept, 2019

Note: All questions carry equal marks. Restrict each of your answers to around 40 lines.

Answer **any five** questions (5*10)

1. Discuss the role of Treasurer and Controller in the Finance Function of a Multi National Corporation in terms of risks and emerging challenges.
2. Identify the following transactions in terms of current, capital and reserve account credit or debit (inflow/outflow):
 - a) Bangladesh exports goods worth \$500 to India.
 - b) India agrees to pay \$3 mln of goods in return for oil imports from Iran.
 - c) City Bank of US purchases treasury securities worth \$ 5mln of Germany.
 - d) India gifts \$1 billion to refugees in Bangladesh
 - e) Action Aid NGO provides charitable funds for Indian based flood victims to the extent of \$1ml.
 - f) A tourist purchases worth one lakh Indonesian jewelry from Bali.
 - g) Parent paid Rs 70 lakhs for education of his son at Cass Business school London
 - h) India imports gold of 800 tonnes and exports jewelry worth 500 tonnes
 - i) India receives aid from World Bank for Metro projects worth \$5 bln spread over next five years
 - j) Indian based MNC invests in China \$2ml for its development centre.
3. Discuss how exchange rate is determined in the following regimes
 - a) Currency Union (No separate legal tender) as in the Euro area
 - b) Pegged Exchange Rates within Horizontal Bands
 - c) Crawling Peg
 - d) Crawling Bands (BBC- Basket, Band, Crawl)
 - e) Managed Float

4. Explain briefly with examples the following Funding Facilities of IMF
 - a) Reserve Tranche
 - b) Credit Tranche
 - c) Enhanced Structural Adjustment Facility (ESAF)
 - d) Highly Indebted Poor Countries (HIPC) initiative and their implications for recipient countries.

5. What is the role of hedgers, speculators and arbitrageurs in the foreign exchange market?
Discuss with suitable examples of how does one participate in the market?

6. Discuss concept of translation exposure and methods to manage this exposure.

7. Explain transaction and economic exposure of a MNC and methods to handle these exposures.

8. Write short notes on
 - a) Purchasing Power Parity Theory
 - b) Interest Rate Parity Theory
