



SRN – 10

**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. (5×2=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

P.T.O.



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 90<sup>th</sup> day is Rub.39.80/US \$.