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**DHANALAKSHMI SRINIVASAN COLLEGE
OF ARTS & SCIENCE FOR WOMEN
(AUTONOMOUS)**

(For Candidates admitted from 2019-2020 onwards)



**PG DEGREE EXAMINATIONS APRIL - 2021
MBA – BUSINESS ADMINISTRATION
INTERNATIONAL FINANCIAL MANAGEMENT**

Time: 3 Hrs

Max.Marks: 75

PART - A

CHOOSE THE CORRECT ANSWER

(10X1=10)

1. Which of the following is a legitimate reason for international investment?
 - a) Dividends from a foreign subsidiary are tax exempt in the United States.
 - b) Most governments do not tax foreign corporations.
 - c) There are possible benefits from international diversification.
 - d) International investments have less political risk than domestic investments.
2. Foreign currency forward market is
 - a) An over the counter unorganized market
 - b) Organized market with trading
 - c) Organized listed market
 - d) Unorganized listed market
3. The current system of international finance is a
 - a) Gold standard
 - b) Fixed exchange rate system
 - c) Floating exchange rate system
 - d) Managed float exchange rate system
4. A simultaneous purchase and sale of foreign exchange for two different dates is called
 - a) Currency devalue
 - b) Currency swap
 - c) Currency valuation
 - d) Currency exchange
5. Rule which states that similar set of goods and services produced in various countries should have equal price is classified as
 - a) Law of similar mortgage rate
 - b) Law of one type manufacturing
 - c) Law of similar labor rules
 - d) Law of one price
6. Authority which intervenes directly or indirectly in foreign exchange markets by altering interest rates is considered as
 - a) Central government
 - b) Centralized stocks
 - c) Central corporations
 - d) Centralized instruments
7. In equilibrium position, spread between foreign and domestic rate of interest must be equal to spread of
 - a) Domestic rates
 - b) forward and spot exchange rates
 - c) Forward rate
 - d) Spot rates
8. The forward market is especially well-suited to offer hedging protection against
 - a) Translation risk exposure.
 - b) Transactions risk exposure.
 - c) Political risk exposure.
 - d) Taxation.

9. Hedging is used by companies to:
- Decrease the variability of tax paid
 - Decrease the spread between spot and forward market quotes
 - Increase the variability of expected cash flows
 - Decrease the variability of expected cash flows

10. Which of the following is true of foreign exchange markets?

- The futures market is mainly used by hedgers while the forward market is mainly used for speculating.
- The futures market and the forward market are mainly used for hedging.
- The futures market is mainly used by speculators while the forward market is mainly used for hedging.
- The futures market and the forward market are mainly used for speculating.

PART - B

ANSWER ALL THE QUESTIONS

(5X7=35)

11. a) State the scope of International Financial Management.

(OR)

b) Explain the significance of Euro currency.

12. a) Explain the meaning and role of IMF.

(OR)

b) What do you know about gold standard? Why did it fail?

13. a) Discuss the multinational capital structure decision

(OR)

b) Explain about international bond market.

14. a) Write a short note on – Forward bond market.

(OR)

b) Mention the instruments of International financial market.

15. a) Describe some of the approaches to accounting system.

(OR)

b) Differentiate between transaction exposure vs translation exposure

PART - C

ANSWER ANY THREE QUESTIONS

(3X10=30)

16. How do importers and exporters use currency derivatives? Explain with example

17. Write an essay on International Monetary Fund.

18. What are the problems faced in determining the cost of equity capital compared to other securities?

19. Describe briefly different types of International Money Market Instruments.

20. Explain the different types of financial statement analysis.