

19P443

(Pages: 2)

Name:

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2021

(CBCSS - PG)

CC19P MCM4 EF03 - INTERNATIONAL FINANCE

(Commerce - Elective Course)

(2019 Admission - Regular)

Time: Three Hours

Maximum: 30 Weightage

PART A

Answer any *four* questions Each question carries 2 weightage.

1. What is Euro bond market?
2. What are the main objectives of IDI?
3. What are 'hard' currencies and 'soft' currencies?
4. Define SDRs.
5. What is foreign exchange rate?
6. What do you mean by forward premium?
7. What is operating exposure?

(4 × 2 = 8 Weightage)

PART B

Answer any *four* questions. Each question carries 3 weightage.

8. Distinguish between current account convertibility and capital account convertibility.
9. Explain briefly various types of foreign exchange exposure.
10. The consumer price index in India rose from 200 to 216 over the period 1 (1st January to 31st December). The US consumer price index increased from 100 to 105 over the same period. The exchange rate between USD/INR on 1st January was INR 74. What should be the exchange rate between Indian rupee and us dollar on 31st December?
11. The following quotes are available in the New York Interbank market:
Spot US \$ / Can \$ = Can \$ 1.5670
1 month forward US \$ /Can \$ = Can \$ 1.5570
Calculate the forward premium or discount in absolute term and in percentage.
12. An Indian importer has to make a payment in Thai baht. He asks an authorized dealer for a quote and is given the following two-way quotes: Rs.45-45.55/USD, and 7baht-7.20/ \$. Determine the Rs/baht cross rate.
13. Compare ADRs with GDRs.

14. A product is sold in India and the identical product is sold in USA. Current spot exchange rate (x/y) is Rs. 70/USD. The price of the product in India is Rs.140.
- (a) Find the price of the product in USA according to absolute PPP theory.
- (b) If the price of the product in USA is \$1.60, what is the exchange rate?

(4 × 3 = 12 Weightage)

PART C

Answer any *two* questions. Each question carries 5 weightage.

15. Discuss the recent changes in global financial markets.
16. Briefly explain the theories of exchange rate?
17. Define transaction exposure. Explain the techniques for managing transaction exposure.
18. Define international investment. What are the factors affecting international investment?

(2 × 5 = 10 Weightage)
