FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2023

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM4 EF03 - INTERNATIONAL FINANCE

(Commerce)

(2019 Admission onwards)

Time : 3 Hours   Maximum : 30 Weightage

Part-A

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

1. What is an international money market?

2. What is fixed exchange rate regime?

3. What is meant by exchange rate behaviour?

4. What is leading and lagging?

5. What is meant by netting?

6. Define foreign portfolio management.

7. What is international receivables management?

(4 × 2 = 8 Weightage)

Part-B

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

8. What are the various international money markets instruments?

9. What are the different types of price quotations in the foreign exchange market?

10. How do you calculate cross exchange rate with two-way quotation?

11. Explain the rationale behind the PPP theory.

12. State the importance of long term assets and liabilities management.

13. The one year interest rate in Country X is 6% and in country Y is 15%. Suppose the spot rate between currency of Country X to currency of Country Y is 0.63. Find the forward rate between currency of Country X / currency of Country Y after 1 year.

14. A 3-year bond, with nominal value of Rs. 100, carries an interest of 6 per cent and is refundable at the end of its life. Calculate sensitivity in the interest rate.

(4 × 3 = 12 Weightage)

Part-C

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

15. What are the functions and activities of IBRD (World Bank)?

16. Discuss the three types of foreign exchange exposure. Which exposure is difficult to manage and why?

17. Define foreign capital. Discuss the significance of foreign capital as far as a developing country is concerned.

18. The spot rate of the Singapore dollar in the United States is USD 0.64 and that of the INR is USD 0.0224. What is the exchange rate of the Singapore dollar in India? If the Singapore dollar is quoted in India at SGD/INR : 29, how can an arbitraguer make a profit in this situation ? (assume the arbitrageur has Rs 5 million)

(2 × 5 = 10 Weightage)

****