

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Summer 2017 - 18 Examination

Semester: 3
Subject Code: 06201203
Subject Name: International Finance

Date: 08/06/2018
Time: 2.00 pm to 4.30 pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.

A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark)

(05)

1. Which of the following is the starting stage of evolution of International Monetary System.
 - a) Classical Gold Standard
 - b) Bretton Wood System
 - c) Bimetallism
 - d) Interwar Period
2. An international business always exposed with
 - a) Political Risk
 - b) Exchange Rate Risk
 - c) Both a) and b)
 - d) None from a) and b)
3. Which of the following is note an approach of predicting exchange rate
 - a) Fundamental Analysis
 - b) Efficient Market Theory
 - c) Efficient Frontier Theory
 - d) Technical Analysis
4. When interest rate in domestic country rise,
 - a) The domestic currency is appreciated
 - b) The foreign currency is appreciated
 - c) No change in domestic currency value
 - d) No change in foreign currency value
- 5 Incoterms is dealing with
 - a) Packaging
 - b) Transportation
 - c) clearance
 - d) All of the above

B).Define the following. (Each of 1 mark)

(05)

1. Trade Deficit
2. Bid Price of currency
3. Purchasing Power Parity
4. LIBOR
5. Euronotes

C).Direct questions. (Each of 1 mark)

(05)

1. State any three major type of currency derivatives.
2. What is interest rate parity?
3. What is International Fisher Effect?
4. What do you mean by hedging?
5. What is American Depositary Receipt and Global Depositary Receipt?

Q.2 Answer the following questions.

A). Explain the components of Balance of Payment.

(07)

B).Write a brief note on goal of International Financial Management

(08)

Q.3 Answer the following questions.

A). Write a note on determination of exchange rate risk.

(07)

B).Explain types of exposure.

(08)

Q.4 Attempt any two questions. (Each of 7.5 mark)

(15)

1. Explain the export procedure.
2. Explain the reasons of international banking
3. Write a note on Letter of Credit

4. Solve the following

4.1 An importer receive bill of \$10000. He asked his bank to retire this bill to his debit account. An interbank exchange rate for USD/INR is 48.7050/7200. The bank retain exchange margin of 0.15% for TT sales and 0.20% for bills selling rate. With what amount will it debit to the importer account. **(2.5 Marks)**

4.2 Times bank issued a demand draft on Montreal for Canadian Dollar 50000 at CAD1 = INR 34.4850. However, after few days a purchaser of draft requested the bank to cancel the draft and replay the rupee equivalent to him. Assuming the CAD were quoted in Singapore Foreign Exchange Market as USD1 = 1.4541/4561 and interbank market USD1 = INR 49.5275/5350. How much a customer gain/lose in cancellation on cancellation of draft? Exchange margin on TT buying is 0.08% **(5 Marks)**