

Roll No.

Total No. of Pages : 02

Total No. of Questions : 15

MBA(IB) (2016 to 2017) (Sem.-3)

INTERNATIONAL FINANCE

Subject Code : MBAIB-302

M.Code : 70765

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. **SECTION-A contains SIX questions carrying FIVE marks each and students have to attempt ANY FOUR questions.**
2. **SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt ANY ONE question from each Subsection.**
3. **SECTION-C is COMPULSORY carrying EIGHT marks.**

SECTION-A

1. Explain briefly the recent changes in international finance.
2. Discuss the role of the European Central Bank.
3. Explain the different types of foreign exchange quotations.
4. How will you compare currency futures and options option market?
5. Distinguish between foreign exchange exposure and foreign exchange risk.
6. Discuss role and main features of GDRs and ADRs.

SECTION-B

UNIT-I

7. What do you mean by international Finance? Briefly, explain the nature and scope of international finance.
8. What are benefits of international trade? Discuss the factors affecting international trade flows.

UNIT-II

9. What is a foreign exchange market? Explain its main functions. How does it work?
10. Explain purchasing power parity. What causes deviations from purchasing power parity?

UNIT-III

11. How would you define transaction exposure? How is it different from economic exposure?
12. Briefly explain the various techniques to assess country risk. Give examples to illustrate your answer.

UNIT-IV

13. Briefly discuss the distinguishing features and sources of international finance. What are the main reasons for growth of international finance?
14. Define Bond Market. Discuss briefly the major types of international bond market instruments.

SECTION-C

15. Case Study :

Latvia has become the second European Union country to seek the International Monetary fund's (IMF) help to stabilize its financial system. It is also asking for help from the European Union. The Latvian Prime Minister said the sum needed would be decided by talks with the IMF and EU. Latvia has fallen into recession and recently nationalized the country's second largest bank. The government invested \$ 353 m into the parax bank to help it survive after a run on its deposits. It also offered \$ 877 m in guarantees to its creditors. Latvia's economy, which grew by 50% between 2004 & 2007. Shrank 4.2% in the third quarter of this year, the sharpest economic contraction in the European Union. The Latvian Government has already started talks with the European Commission, the executive branch of the EU, on a possible rescue package for its economy. The IMF has said it has \$ 200 bn set aside to help out countries facing turmoil because of the current global financial crisis. It has also said it expects to provide help for some 24 countries.

Question :

- a) In what ways can Latvia use the financial aid from IMF to stabilize its financial system?
- b) What measures can the European Union take in order to undo the economic contraction?
- c) What is the role of IMF towards the countries that have fallen into recession?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.