

Code: 9E00404a

MBA - IV Semester Supplementary Examinations, January 2013

**INTERNATIONAL FINANCIAL MANAGEMENT**

(For students admitted in 2009 and 2010 only)

Time: 3 hours

Max Marks: 60

Answer any FIVE questions  
All questions carry equal marks

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- 1 Distinguish between:
  - (a) Option forward swap and forward-forward swap.
  - (b) Long and short positions in respect of a currency.
  - (c) Two-point arbitrage and triangular arbitrage.
  
- 2 Discuss the elasticity approach to the BOP adjustment. How does it differ from the classical approach?
  
- 3 Critically examine the IMF financing facilities and policies to help members to correct balance of payments problems in a manner that promotes sustained growth.
  
- 4 What factors affect a firm's degree of transaction exposure in a particular currency? For each factor, explain the desirable characteristics that would reduce transaction exposure.
  
- 5 Discuss the two-step approach in the process of evaluating foreign projects using the APV technique. Which components of the cash flow are likely to be considered last in the overall evaluation process?
  
- 6 How do you compute the cash flow in international capital budgeting?
  
- 7 If multinational working capital management calls for new policy guidelines, which variables or factors should the manager consider in formulating these guidelines?
  
- 8 What are the motivating factors behind internationalization of banks?

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