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Your Roll No. ....

4148

**M.Com . : SEMESTER—IV (OC) G**  
**INTERNATIONAL FINANCIAL MANAGEMENT**

Paper 7112

Time : 3 Hours

Maximum Marks : 100

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt all questions.

All questions carry equal marks.

1. What is IMF Conditionalities ? Explain the different funding facilities through which IMF provides balance of payment support to member countries. 20

Or

- (a) Why is it important to study International Finance ? What determines the globalization of nations and firms ? 10
- (b) What do you understand by Crawling Peg ? "Crawling peg is a compromise between fixed exchange rates and floating exchange rates". Discuss. 10
2. (a) Consider the data given below :
- Home Country : India
- Foreign Country : U.S.
- Spot Rate (Rs/\$) = 62
- 6 mths forward rate = 63

P.T.O.

Interest rate in India = 12% p.a.

Interest rate in U.S. = 10% p.a.

Find the arbitrage gain. 10

- (b) Explain the theory of Purchasing Power Parity. Based on this theory what is general forecast of the values of currencies in highly inflated countries ? 10

*Or*

- (a) A foreign exchange trader gives the following quotes for the Rs. Vs. dollar spot, one month, two months and three months to a US based treasures :

Spot rate (Rs/\$)	62.32/62.53
One-month forward	0.05/0.09
Two-months forward	0.07/0.03
Three-months forward	0.08/0.06

Calculate the outright quotes for one, two and three month forward. Also calculate spread and spread percentage (based on selling as well as buying price) for these periods.

10

- (b) What is arbitrage ? What are the various types of arbitrages ? 10

3. How do you compute cashflows in International Capital Budgeting ? Explain with reference to the complexities involved in International capital Budgeting ? 20

Or

- (a) What is meant by Euro-Banking ? Explain the structure of Euro-Banking. 10
- (b) What are the factors that affect Currency put options and Currency call options ? 10
4. (a) What are the objectives of International working capital management ? 10
- (b) What do you mean by Currency risk management ? How do you manage currency risk ? 10

Or

What do you mean by Transfer Pricing ? How are Transfer prices set ? 20

5. Write short notes on any *two* of the following : 10,10
- (a) Political Risk
- (b) Brettenwoods System of Exchange Rates
- (c) International Accounting.