

# C.U.SHAH UNIVERSITY

## Winter Examination-2019

**Subject Name: International Finance**

**Subject Code: SMS03IFC1**

**Branch: MBA**

**Semester: 3**

**Date : 18/11/2019**

**Time : 02:30 To 05:30**

**Marks : 70**

### Instructions:

- (1) Instructions written on main answer book are strictly to be obeyed.
  - (2) Assume suitable data if needed.
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### SECTION –I

**Q-1 Attempt the Following questions. (07)**

- (a) What is Foreign Exchange Risk related to International Finance?
- (b) Write the full forms of ETF & SWF.
- (c) Give the full form of OECD.
- (d) What is called Trilemma or Incompatible trinity?
- (e) What is J-Curve Effect?
- (f) Define Triangular Arbitrage.
- (g) Give the full form of LIBOR.

**Q.2 Attempt all Questions:**

- (a) Define IMS and explain in brief the criteria of good IMS. (07)
- (b) Explain the concept of Balance of Payments (BOP) .Can a country run a current account deficit (surplus) indefinitely? Give reasons. (07)

**OR**

**Q.2 Attempt all Questions:**

- (a) Explain PPP in brief. (07)
- (b) Explain the classification of current Exchange Rate arrangement by IMF. (07)

**Q.3 Attempt all Questions:**

- (a) Discuss the role of ADRs and GDRs. (07)
- (b) What advantage do currency options offer that are not available with futures or forward contracts? (07)

**OR**

**Q.3 Attempt all Questions:**

- (a) State the difference between FDI & FII. (07)
- (b) Explain Structure and major functions of foreign exchange market. (07)



## SECTION –II

- Q-4 Attempt the Following questions. (07)**
- (a) Define hedging.
  - (b) Define Operating Exposure.
  - (c) Give the full form of IASB.
  - (d) What is called Reporting Currency?
  - (e) Define Euro Bond.
  - (f) Give the full form of OTC market.
  - (g) Give the full form of NAFTA.

- Q.5 Attempt all Questions:**
- (a) How would you define economic exposure to exchange rate? Describe. (07)
  - (b) Discuss the importance of cross border merger & acquisition. (07)

**OR**

- Q.5 Attempt all Questions:**
- (a) Briefly define each of the major types of international bond market instruments, noting their distinguishing features. (07)
  - (b) Briefly discuss different types of International banking offices. (07)

- Q.6 Attempt all Questions:**
- (a) How a firm can manage Operating Exposure? (07)
  - (b) Explain creation of Euro currency with example. (07)

**OR**

- Q.6 Attempt all Questions:**
- (a) Write a note on required documents for Export & Import. (07)
  - (b) Explain in detail LOC. (07)

