

Fourth Semester MBA Degree Examination, Sept 2024
BUSINESS ADMINISTRATION
International Financial Management

Time: 3 hours

Max Marks: 70

SECTION – A

Answer any two questions. Each question carries ten marks. Answer to each question should not exceed five pages (2x10=20)

1. What do you understand by 'equilibrium', 'disequilibrium' and 'adjustment' in the context of Balance of Payments? Discuss the various approaches used to explain the process of 'Adjustment'
2. Differentiate between Domestic and International financial management. Explain the scope and need of International Financial Management in the current world of Business.
3. Write a detailed note on Multinational Tax Management.

SECTION – B

Answer any three questions. Each question carries twelve marks. Answer to each question should not exceed six pages. (3x12=36)

4. a) What are the different stages in the evolution on International Monetary System?
 b) Write a detailed note on exchange rate regime.
5. The Argentina Peso was fixed through a currency board at Peso 2/\$. In January 2018 the Argentina Peso was floated. As of January 2018, it had depreciated to Peso 3.20/\$. During the 1 year period Argentina's inflation was 20% on annualized basis. Inflation in US was 2.2% annualized.
 - a) Find the exchange rate in 2019 if PPP held?
 - b) By what percentage the Argentina Peso is undervalued on an annualized basis?
 - c) What were the probable causes of undervaluation?
6. What are derivatives? Explain the different types of derivatives with suitable examples.
7. What is Foreign Direct Investment (FDI)? Explain the factors which Motivate FDI. What subsequent decisions are taken by investors after making such investments?
8. Write a detailed note on Multinational Tax Management.

SECTION – C
(Compulsory)

Answer to the question should not exceed 6 pages.

(1x14=14)

9. An Indian based MNC is evaluating an investment proposal. The project will invest an initial outlay of US\$150million and is expected to generate the following cash flows for over 4 years.

Year	:	1	2	3	4
Cash flows:		55	70	85	95
(in millions)					

The current stock exchange rate is 45/US\$, the risk free rate of India is 12% and in US it is 7%. The required rupee rate of a project is 16%.

Find the NPV and advice whether the project should be accepted or rejected

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