

Tilak Maharashtra University
Master of Business Administration (Distance)
(Semester - IV) - Internal Evaluation (Finance)
International Financial Management

Marks : 80

Code : MDF 401

Note:

- ❖ The Paper Consist of two sections I& II
 - ❖ Attempt any three questions from Section I
 - ❖ Section II is Compulsory
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Section I

- Q. 1 a) Explain the role of the financial management in international context. With reference to, (I). Traditional Approach, (II) Modern Approach.
OR
b) Explain the role played by EXIM Bank in export finance. (15)
- Q. 2 a) Explain the meaning of Balance of Payments. How would you remove the deficit in the Balance of payments in a country. (15)
OR
b) What is Balance of Payment ? Explain the components (structure) of Balance of payment.
- Q. 3 a) What do you mean by Foreign Exchange Market. State its characteristics and name few major foreign exchange market. (15)
OR
b) What is Fixed Exchange Rates? State the advantages and disadvantages of Fixed Exchange Rates.
- Q. 4 (a) Write short notes (**any three**).
1. Spot Rates.
2. Special Drawings Right.
3. Letter of Credit.
4. Purchasing power parity theory.
5. Objectives of Exchange Control.
OR
(b) What is the International Monetary Fund (IMF)? State its objectives and functions.

SECTION- II

(25)

- Q. 5 ABC Ltd. is planning to import a multi-purpose machine from Japan at a cost of 3,400 lacs Yen. The company can avail loans at 18% interest per annum with quarterly rests with which it can import the machine. However, there is an offer from Tokyo branch of an India based bank extending credit of 180 days at 2% per annum against opening of an irrevocable letter of credit.

Other Information :

Present Exchange rate Rs.100 = 340 Yen.

180 days Forward rate Rs.100 = 345 Yen.

Advise whether the offer from the foreign branch should be accepted?

- Q.6 Explain the role of ECGC. (10)
