

**TILAK MAHARASHTRA UNIVERSITY**  
**Masters of Business Administration (Distance)**

**Home Assignment - IInd year – Semester III**

**Marks : 80**

**Code : MDF 311**

**Note :**

- \* The Paper consists of two sections I & II
- \* Attempt any 4 questions from Section I
- \* Section II is Compulsory

**International Financial Management**

**Section – I**

- Q 1) Explain the factors affecting the components of Balance of payment account in case of export and import of goods & service. (15)
- Q 2) Write a short note on various quotes involved in exchange market. (15)
- Q 3) What are the effects of exchange rates on exporters & importers ? (15)
- Q 4) What do you mean by centralised cash management system ? What are the advantages of it ? (15)
- Q 5) Write short notes on (Any 3) (15)
- (i) Short-date contracts
  - (ii) Spot market
  - (iii) Letter of credit
  - (iv) Export financing
  - (v) International CAPM

**Section – II** (20)

Bharat Steel exported steel sheets to USA valued of US \$ 30,000. As per agreement, payment is due after 3 months. Considering the volatility in Foreign Exchange Company decides to enter into a forward contract today.

The rates are as follows :

US \$ 1 = Spot Rs.	40.29	40.33
Previous 1 month	00.0600	0.0800
3 months	00.1100	0.1200
6 months	00.2400	0.2700

Calculate the amount of Indian rupees, the company will get after selling US dollar.

If the spot quoted after 3 months is US \$ 1 = Rs. 40.4200: 40.4400  
Calculate the profit or loss made by Bharat Steel into a forward market contract.