

M.Com. DEGREE EXAMINATIONS- MARCH 2016
FOURTH SEMESTER
COMMERCE

44005-A

PAPER - V: INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 75

(No additional sheet will be supplied)

Part - A

5x 3 = 15 Marks

Answer any **FIVE** questions.
Each question carries **3 (Three)** marks
Each answer should not exceed **One (1)** page.

1. What are International Financial Instruments?
2. Who are the participants in foreign exchange market?
3. What do you understand by gold standard?
4. What is forex market?
5. What do you mean by Fisher Effect?
6. Explain the Purchasing Power Parity theory?
7. What are Floating-Rate Notes?
8. What is bid-ask spread?

Part - B

4x15 = 60 Marks

Answer **All** questions.
Each question carries **15 (Fifteen)** marks
Each answer should not exceed **SIX (6)** pages.

9. Explain how liberalization and globalization have raised the importance of International Finance.
(Or)
10. Discuss the functions of finance in an international firm and also the role of financial manager.
11. What are the various pre-requisites for an International Monetary System to be effective?
(Or)
12. Why does the central bank of a country intervene in the foreign exchange market?
13. What is floating exchange rate system? How it is better over the fixed exchange rate system?
(Or)
14. An Indian importer has to make a payment in Thai baht. He asks an authorized dealer for a quote and is given the following two-way quotes: Rs. 45 - 45.55/USD, and 7 baht - 7.20 / \$. Determine the Rs / baht cross rate.
15. What is efficient foreign exchange market? Explain the problems in forecasting exchange rates.
(Or)
16. Explain the recent developments took place in exchange rate arrangements in India.