

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (03) – • EXAMINATION – SUMMER 2016

Subject Code: 2830502**Date: 06/05/2016****Subject Name: International Finance (IF)****Time: 10.30 AM TO 01.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.	Question Text and Option	6
Q.1 (a)	Objective Questions	
	A standardized forward contract is called	
1.	A. Future B. Netting C. Swap D. Option	
	Which of the following Letter of credit (LOC) doesn't require any document accompanying it?	
2.	A. Unconfirmed LOC B. Back to back LOC C. Clean LOC D. Revolving LOC	
	LIBOR is the	
3.	A. Deposit rate in B. Interest rate in Eurocurrency Market European banks C. Interest rate in D. Deposit rate applicable to interbank loans Eurobond market within London	
	_____ is a time draft on and accepted by one bank on another one.	
4.	A. Corporate Guarantee B. Bill of lading C. Bank guarantee D. Banker's acceptance	
	The exchange of foreign currency exposures is called	
5.	A. Put option B. In the money C. Forward D. Swap	
	An Industrial unit which offers entire production for export is called	
6.	A. EOU B. Industrial estate C. EPZ D. FTZ	
Q.1 (b)	1. In the money option 2. Arbitrage 3. Purchasing power parity 4. Options	04
Q.1 (c)	What are the factors affecting cross border merger and acquisition?	04
Q.2 (a)	Define Future Contract and explain the difference between Forward Contract and Futures Contract?	07
(b)	Explain the role of WTO in international Business?	07

OR

- (b) How does Export and Import bank of India help the exporters? **07**
- Q.3** (a) What is Exposure? Explain the types of exposure in international business? **07**
 (b) What are multinational corporations (MNCs) and what economic roles do they play? **07**
- OR**
- Q.3** (a) Which factors should be considered by an investor before investing in another country? **07**
 (b) Explain the types of services provided by International Banks to their customers? **07**
- Q.4** (a) Explain Balance of payment? Discuss its implications under the fixed and flexible exchange rate regime? **07**
 (b) If the interest rate in US is 10%, in Japan the comparable rate is 7%. The spot rate for the yen is \$ 0.0038. If the interest rate parity holds, what is 90day forward rate? **07**
- OR**
- Q.4** (a) An investor wishes to buy euro spot (at \$0.9080) and sell euros forward for 180 days (at \$0.9146). **07**
 1. What is the swap rate on euro?
 2. What is the premium on 180-day euros?
- Q.5** (b) What is Transaction Exposure? Explain in detail with example. **07**
 Suppose the spot quote on the Deutsche mark is \$0.3302-10 and the spot quote on the French Franc is \$0.1180-90 **14**
 a. What is the direct quote for the franc in Frankfurt?
 b. Compute the percentage bid-ask spread on the DM and franc.
- OR**
- Q.5** Explain the objectives of Cash management. If an Indian Company has to manage its cash which factors should be considered? **14**
