PG (Even) Semester Examination, 2023

BUSINESS ADMINISTRATION

(4th Semester)

Course No.: FM-3103

(International Financial Management)

Full Marks: 70

Pass Marks: 28

Time: 3 hours

The figures in the right margin indicate full marks for the question.

1. (a) Discuss the scope of International Financial Management. 6

   (b) Explain international fisher effect with example. 4

   (c) Illustrate with example the absolute advantage theory of international trade. 4

2. (a) Find out ₹/∈ exchange rate, if ₹ 43.93-43.95/$ and ∈ 0.83-0.84/$, assume that the direct quote between ₹/∈ is not available. 4

   (b) If exchange rate at the end of 2010-11 was ₹52.85/US$ and if the inflation during last 10 years was 52% in India and 26% in USA. Find our :

      (i) Inflation rate differential between the two countries.

      (ii) The exchange rate at the end of 2020-21. 3+3=6

(c) If interest rate in India and USA is 9.06% and 6% respectively and if spot exchange rate is ₹76.35/US$, find the exchange rate during the next year. 4

Or

3. (a) Calculate the 2 month forward rate, if spot rate is ₹82.19/$ and interest rate in India and the USA is 6% and 3% respectively. 4

(b) Discuss the case of the introduction of managed Floating Exchange rate regime in India with facts and figures. Why RBI intervention is often found to manage the exchange rate in India. 10

4. (a) Make a conceptual discussion an foreign exchange exposure. 3

(b) How transaction exposure is measured? Discuss all the management techniques of transaction exposure with example. 11

Or

5. (a) Distinguish between transaction exposure and translation exposure. 7

(b) Why cash management is important for international firms? Between ccentralised cash management strategy and decentralised cash management strategy which one is more beneficial for international organisation and why? 2+5=7

6. Daiichi Sankyo of Japan, being the second largest drug maker of Japan ..... offered to buyout Ranbaxy of India's promoter's 34.8 percent stake ..... an agreement between the two companies was signed on June 11, 2008 ..... the price offered was ₹737 per chare. In the year Ranbaxy's sales touches $1.6 billion and has presence in more than 100 countries. ..... the strong R&D of Daiichi is expected to improve the quality of generic drugs manufactured by Ranbaxy ..... the global presence of Daiichi's product will also improve. ..... in the light of the above case outline discuss the entire case and answer / discuss the following :

(i) Benefits of this agreement for both the companies.

(ii) Why this agreement was not a successful one later on?

(iii) What mistake Daiichi had made in calculating and finalising the deal? 14

7. (a) Explain different forms of political risk. 4

(b) Discuss the evaluation process and management techniques of political risk. 5+5=10

Or

8. (a) Why double taxation is a problem for MNCs? 4

(b) Write a note on double taxation aviodance agreement in India. 5

(c) What are the different modes of double taxation relief? Explain them in details. 5

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