(6 pages)

S.No. 8603 **P 22 IBCC 33**

(For candidates admitted from 2022–2023 onwards)

M.I.B. DEGREE EXAMINATION, NOVEMBER 2023.

International Business

INTERNATIONAL FINANCIAL MANAGEMENT

Time : Three hours Maximum : 75 marks

SECTION A — (20 marks)

Answer ALL the questions.

I. (A) Choose the correct answer : (5 × 1 = 5)

1. The primary component of the current account is the
   (a) balance of trade
   (b) balance of capital market flows
   (c) balance of money market flows
   (d) unilateral transfers

2. Which of the following is a reason to consider international business?
   (a) economies of scale
   (b) exploit monopolistic advantages
   (c) diversification
   (d) all of the above

3. In the foreign exchange market, the ———— of one country is traded for the ———— of another country.
   (a) currency; currency
   (b) currency; financial instruments
   (c) currency; goods
   (d) goods; goods

4. The current system of international finance is a ————.
   (a) gold standard
   (b) fixed exchange rate system
   (c) floating exchange rate system
   (d) managed float exchange rate system

5. Which one of the following is not a type of foreign exchange exposure?
   (a) Tax exposure
   (b) Translation exposure
   (c) Transaction exposure
   (d) Balance sheet exposure

19. (a) What are the uses of euro currency loans?

Or

(b) Describe the capital asset pricing model in finance management.

20. (a) Evaluate the various issues involved in investment analysis.

Or

(b) What are the differences methods used to study political risk? Explain any one of these methods.

SECTION C — (3 × 10 = 30)

Answer any THREE questions.

21. Mention the factors that influence the foreign exchange rate.

22. How exchange rates are determined under the fixed exchange rate system.

23. Write a brief note on measurement of exposure and risk.

24. What are the factors affecting international financing decisions.

25. Explain costs of capital in foreign investment? What are the advantages and disadvantages of cost of capital?

(B) Fill in the blanks : (5 × 1 = 5)

6. Differences in nominal interest rates are removed in exchange rate is ————.

7. In 1944 international accord is recognized as ————.

8. The date of settlement for a foreign exchange transaction is referred to as ————.

9. The impact of Foreign exchange rate on firm is called ————.

10. Financial management process deals with ————.

II. Answer the following questions : (5 × 2 = 10)

11. Define fisher effect.

12. What is the difference between gold standard and Breton woods system?

13. Mention the four types of risk exposure?

14. What are the goals of global financial systems?

15. State political risk with example.

SECTION B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b).

16. (a) What are the reasons for rise of the multinational corporations?

Or

(b) Distinguish between quantitative and qualitative restrictions on trade.

17. (a) Write a note on exchange rate system.

Or

(b) Briefly explain the European monetary system.

18. (a) Explain about measuring accounting exposure.

Or

(b) Economic exposure implies the change in the value of a firm due to unanticipated change in exchange rates. Examine the statement.