

**MP - 504**

December - Examination 2015

**MBA II Year Examination****International Financial Management****Paper - MP - 504****Time : 3 Hours ]****[ Max. Marks :- 80**

**Note :** The question paper is divided into three Sections A, B, and C. Write answer as per the given instructions.

**Section - A**

8 x 2 = 16

**(Very Short Answer Type Questions)**

**Note :** Answer all 8 questions. As per the nature of question you delimit your answer in one word, one sentence or maximum up to 30 words. Each question carries 2 marks.

- 1) (i) What do you mean by deficit in Balance of Payments?
- (ii) Which International Institution is known as 'Soft Loan Window' of the World Bank?
- (iii) Why SDRs are known as Paper Gold?
- (iv) What is 'Swap'?
- (v) What do you mean by the concept of 'Foreign Exchange Exposure'?

- (vi) Explain any two important characteristics of Global Financial Markets.
- (vii) What is Spot Exchange Rate?
- (viii) Explain any two key characteristics of International Stock Exchanges.

### **Section - B**

4 x 8 = 32

#### **(Short Answer Type Questions)**

**Note :** Answer any four questions. Each answer should not exceed 200 words. Each question carries 8 marks.

- 2) Explain the objectives of establishment of Asian Development Bank?
- 3) How equilibrium exchange rate is determined?
- 4) Distinguish between 'Balance of Trade' and 'Balance of Payments'.
- 5) Explain the key characteristics of Special Drawing Rights (SDRs)
- 6) Discuss the Brittonwoods System.
- 7) Discuss the functions of World Bank.
- 8) Write a note on Currency Derivatives.
- 9) What are the recent development in Global Foreign Exchange Market?

**Section - C**

2 x 16 = 32

**(Long Answer Type Questions)**

**Note :** Answer any two questions. Each answer should not exceed 500 words. Each question carries 16 marks.

- 10) Why disequilibrium (deficit) arises in Balance of payments?  
What measures be adopted to correct the disequilibrium?
  - 11) Why International Monetary Fund (IMF) was established? To what extent it could achieve its objectives?
  - 12) What are the different Models/Methods which are used for computing the cost of equity?
  - 13) "Balance of payments Theory of exchange rate determination is a complete and comprehensive theory". Elucidate this statement and also explain how is the exchange rate determined?
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