FOURTH SEMESTER M. Com. DEGREE EXAMINATION, APRIL 2022
(Regular/Improvement/Supplementary)

COMMERCE
FMCM4E03 - INTERNATIONAL FINANCE

Time: 3 Hours   **Maximum Weightage: 30**

Part A: Answer any *four* questions. Each carries *two* weightage.

1. Compare ADR and GDR.

2. Mention the sources of External Finance.

3. What is meant by "International Liquidity"?

4. State the key differences between Spot Rate and Forward Rate.

5. What is Exchange Rate Equilibrium?

6. State the assumptions in "Purchasing Power Parity Theory".

7. Comment on the concept "Short Term Overseas Financing."

(4 × 2 = 8 weightage)

Part B: Answer any *four* questions. Each carries *three* weightage.

8. Discuss briefly the functions of Asian Development Bank.

9. Analyse the recent trends in Exchange-Rate Convertibility of Indian Rupee.

10. Cite out different factors affecting Foreign Exchange Forecasting.

11. The current spot rate is Rs. 43/USD. The nominal interest rate in India and the USA are 11.67% and 5% respectively; the one-year rupee/ dollar forward rate is Rs. 45. 2500/USD. An investor with a one-year holding period can borrow Rs. 43,000 or USD1,000. Is covered interest arbitrage is possible?

12. Point out the problems encountered in International Capital Budgeting.

13. Distinguish between FDI and FPI with examples.

14. Enumerate the major functions in International Banking.

(4 × 3 = 12 weightage)

(P.T.O.)

Part C: Answer any *two* questions. Each carries *five* weightage.

15. Discuss the objectives, roles and functions of IMF in detail.

16. "Foreign Direct Investment drives India towards economic development." In the light of this statement, examine the types, merits and demerits of FDI with examples.

17. "Hedging over Futures in International Market is more favaourable over hedging through Forwards and Swaps". Do you agree? Critically evaluate.

18. Categorise the different classifications in International Financial Market.

(2 × 5 = 10 weightage)