Roll No……..….. **Total No. of Printed Pages: 01**
Total No. of Questions: [10]

Business Administration (BBA-MBA Integrated) (Semester – 8th)
INTERNATIONAL FINANCE
Subject Code: BMBAS1803
Paper ID: [20390172]

Time: 03 Hours **Maximum Marks: 60**

Instruction for candidates:

1. Section A consists of 10 compulsory short notes of two marks each.
2. Section B consists of Four Units (Unit – I, II, III & IV). Each unit contains two questions of 8 marks each. Student has to attempt one question from each unit.
3. Section C (8 Marks): A short Case Study related to the syllabus.

Section – A **(2 marks each)**

Q1. Attempt the following:

a Explain the factors responsible for growing importance of International Financial Management.
b Write a note on EMU.
c Discuss some of the functions of Forex market.
d How is exchange rate related with inflation?
e What are currency swaps?
f What do you understand by dual currency bonds?
g What is a relation between forward and future spot rate?
h What is interest rate swap?
i Write a note on Floating rate bonds.
j What is special drawing rights.

Section – B **(8 marks each)**

UNIT-I

Q2. Discuss about the different types of accounts of BOP. Can a country run a current account deficit (surplus) indefinitely? Give reasons.

Q3. Explain Bretton wood system. Also state the reasons for failure of Bretton wood system

UNIT-II

Q4. (a) What are the major functions of the foreign exchange market?
(b) Define Fisher Effect and its practical use.

Q5. Explain the theory of purchasing power parity and examine the role of incentives for exports.

UNIT-III

Q6. Differentiate between transaction exposure and translation exposure.

Q7. How do importers and exporters use currency derivatives? Explain with examples

UNIT-IV

Q8. Describe the role of ADR and GDR. Also differentiate between the two.

Q9. Explain the functions and role of IMF in international monetary system.

Section – C **(8 marks)**

Q10. Case Study:

The Argentine peso was fixed through a currency board at Ps1.00/$. In January, 2002 the Argentine peso was floated. As of January 29, 2003, it had depreciated to Ps 3.20/$. During the one year period Argentina's inflation was 20 % on annualized basis. Inflation in the United States was 2.2 % annualized.

a. What should have been the exchange rate in January 2003 if the PPP held?
b. By what percentage was the Argentine peso undervalued on an annualized basis?