



K17P 0492

Reg. No. : .....

Name : .....

**Fourth Semester M.Com. Degree (Regular/Supple./Imp.)**  
**Examination, March 2017**  
**(2014 Admn. Onwards)**  
**Elective – A : FINANCE**  
**COM4E02 : International Financial Management**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (A), **3** marks for Part (B) and **5** marks for Part (C).

1. A) Define international financial management.  
B) Distinguish between domestic and international financial management.  
C) Discuss the driving forces of international financial management.
2. A) What do you mean by Bretton Woods System in international monetary system ?  
B) Distinguish between conventional fixed peg arrangement and pegged exchange rate with in horizontal bands.  
C) Explain the role of SDR in ensuring international liquidity.
3. A) What do you understand by interest rate parity ?  
B) Distinguish between nominal and real exchange rate.  
C) Explain the terms forward premium and forward discount.
4. A) What do you understand by ADB ?  
B) Explain the functions of ADB.  
C) Discuss the role and functions of IBRD in international finance.
5. A) Define balance of trade.  
B) Distinguish between balance of trade and balance of payment.  
C) Discuss the balance of payment position of India for the last 10 years.

P.T.O.



6. A) What do you mean by spot rate ?  
B) Differentiate between spot rate and forward rate.  
C) Discuss the role of FEMA in orderly development of foreign exchange market in India. **(4×9=36)**

### SECTION – B

Answer the following questions. **Each** question carries **12** marks.

7. A) The current scenario in the money markets provides returns of 12% and 8% in Germany and USA respectively. If the inflation rate in USA is 6% how much will be the inflation rate in Germany if parity conditions hold.

If the current exchange rate in USA is US \$ 1.60 per Euro what exchange rate do you expect after one year ?

OR

- B) What do you mean by FDI ? What are the different modes of FDI ? Discuss the role of FDI in India's economic development during the last two decades.
8. A) Discuss the major changes made in the exchange rate regime in India since 1991.

OR

- B) Discuss the essence of the monetary approach to exchange rate determination. **(2×12=24)**
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