



K22P 3344

Reg. No. : .....

Name : .....

IV Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)  
Examination, April 2022  
(2018 Admission Onwards)  
Elective – A.Finance  
COM4E02 : INTERNATIONAL FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 60

## SECTION – A

Answer any four questions. Each question carries 1 mark for Part (a), 3 marks for Part (b) and 5 marks for Part (c).

1. a) What is foreign exchange rate ?  
b) How is the exchange rate of a currency is determined ?  
c) Distinguish between spot transactions and forward transactions.
2. a) What is arbitrage ?  
b) Discuss the term two-point arbitrage.  
c) What do you mean by triangular arbitrage ? Explain the concept with example.
3. a) What is international monetary system ?  
b) Discuss the concept of international liquidity.  
c) Describe various monetary systems.
4. a) What is the law of one price ?  
b) Explain the absolute and relative versions of purchasing power parity.  
c) Discuss the implications of deviations from purchasing power parity for exchange rate determination.
5. a) What is currency option ?  
b) Discuss the determinants of currency option price.  
c) Discuss the different forms of options.
6. a) Define FDI.  
b) Distinguish between crowding in and crowding out.  
c) Discuss the factors that influence FDIs.

(4×9=36)

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## SECTION – B

Answer the following questions. Each question carries 12 marks.

7. a) A firm in England has to make a payment of SGD 1 million to its suppliers in Singapore. The currency quote available are as follows.  
GBP 0.0117/0.0119 for INR  
SGD 0.03510/0.03520 for INR  
What is the amount to be paid in British pound by the importer ?

OR

- b) Describe the structure of Indian foreign exchange market. Critically evaluate the foreign exchange regulations in India.
8. a) Discuss the policy of Indian Govt. on investment by Foreign Institutional Investors (FIIs)  
OR  
b) Discuss the role of Foreign Exchange Market.

(2×12=24)