



K23P 0226

Reg. No. : .....

Name : .....



IV Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)

Examination, April 2023

(2019 Admission Onwards)

Elective – A : FINANCE

COM 4E02 : 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 the concept, of '*International Financial Management*' .  
b) How far is International Finance significant in the Indian context ? Explain.  
c) Coin out the factors that prompted the development and growth of FDI in India.
2. a) What is SWIFT ?  
b) Specify the distinctive features of the FOREX market.  
c) Distinguish between forwards and futures.
3. a) Compare ADR and GDR.  
b) Give an overview of the Portfolio Balance Model in 'Exchange-rate determination'.  
c) Evaluate the major activities of the World Bank in the global scenario.
4. a) Who are '*Hedgers*' ?  
b) Compare and Contrast FDI and FPI.  
c) If the interest rate in India is expected as 9.5% against the interest rate of 4% in the USA; then what would be the dollar-rupee exchange rate after one year, given that the current exchange rate is 1 US \$ = ₹ 82.73/-

P.T.O.



- 5. a) Give the essence of the 'Mint Parity Theory' ?  
b) State the fundamental factors affecting the currency fluctuations globally.  
c) Briefly discuss the functions of the Asian Development Bank.
- 6. a) What are LERMS ?  
b) Distinguish between the Forward rate and the Spot Rate.  
c) Which are the different segments of the International Financial market ?  
Explain. (4×9=36)

**SECTION - B**

Answer the **two** questions in this Section. Each question carries **12** marks.

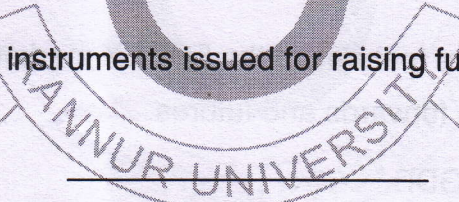
- 7. a) Describe the roles played by IMF in resolving financial crises in the global economic system.  

OR

  
b) Define 'Foreign Direct Investment'. Elucidate in detail the motives and types of FDI.
- 8. a) Layout the schematic format of the BOP Statement. Elaborate on the components and significance of BOP.  

OR

  
b) Detail the different instruments issued for raising funds in the International financial market. (2×12=24)





**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)**

**P.T.O.**



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 ?

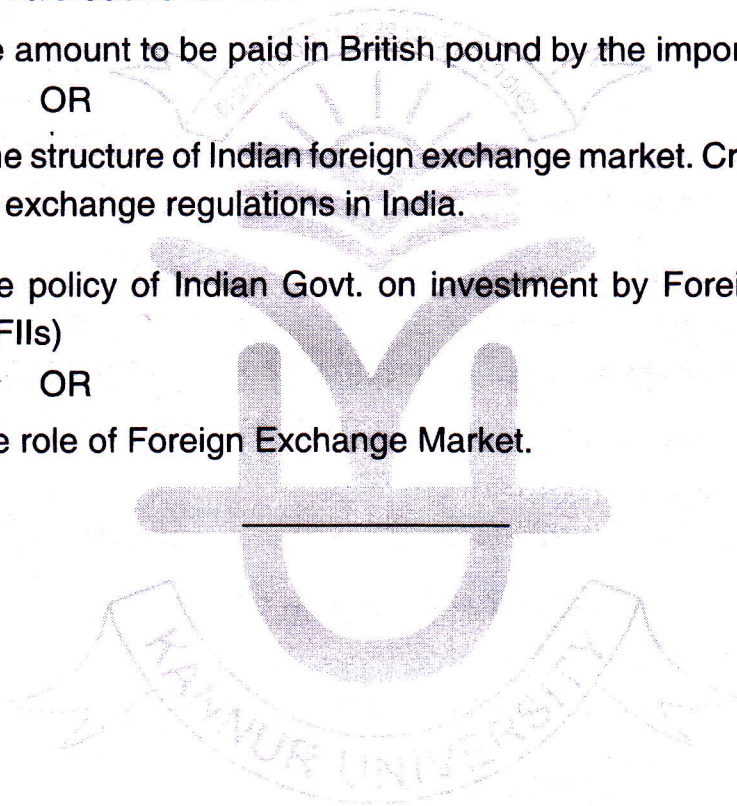
OR

- 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)



K21P 0265

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (C.B.S.S. – Reg./Suppl. (Including Mercy  
Chance)/Imp.) Examination, April 2021  
(2014 Admission Onwards)**

**Elective-A : FINANCE**

**COM 4 E02 : 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) What are cross rates ?  
b) The spot exchange rate between INR and USD is 47.13/USD and the one-month forward rate is 47.91/USD. Calculate forward premium or discount .  
c) Describe briefly the methods of forecasting exchange rates.
2. a) What is Balance of Payment ?  
b) Explain the concept of 'deficit and surplus' in the Balance of Payment.  
c) Describe the structure of India's Balance of Payment Account.
3. a) What is meant by SDR ?  
b) Describe the various exchange rate systems around the world.  
c) Explain the functioning of IBRD.
4. a) What do you mean by foreign portfolio investment ?  
b) Differentiate between FDI and FII.  
c) Critically evaluate India's foreign investment policy.
5. a) Explain the International Fisher Effect.  
b) What do you mean by convertibility of Indian Rupee ?  
c) State the Portfolio Balance Model and its assumptions to exchange rate determination.
6. a) Explain the term 'CHIPS AND CHAPS'.  
b) Describe how the SWIFT system works in an interbank transaction.  
c) What is hedging by invoice currency ?

P.T.O.



7. a) Distinguish between foreign exchange exposure and foreign exchange risk.  
 b) What is interest rate exposure ?  
 c) Explain the methods by which interest rate exposure can be managed.
8. a) What do you mean by 'spread' ?  
 b) ICICI Mumbai quotes Rs. 26.45/65 for Australian Dollar. Compute Bid, Ask and spread. Also show what they would quote if it were an indirect quote.  
 c) A spot rate is DM = \$ 0.3302-10. Another spot rate is FF = \$ 0.1180-90  
 Compute direct quote of FF in Germany. (4×9=36)

## SECTION – B

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

9. a) Describe the role played by IMF in resolving financial crisis in the global economic system.  
 OR  
 b) The following are the interest rates and spot rates of exchange;  
 Spot rate : USD/INR 45.45/50. Interest rates in India: 10 – 10.25% p.a.  
 interest rates in the US: 07 – 7.25% p.a. If interest rate parity holds, what are the forward quotes ?  
 OR  
 c) What is international liquidity ? What are the components of international liquidity ? Discuss the role of IMF in resolving the problem of international liquidity.
10. a) Describe the Purchasing Power Parity (PPP) Theory. Explain the forms of PPP theory.  
 OR  
 b) What is international financial market ? Describe the important international money market and capital market instruments.  
 OR  
 c) A New York bank is currently offering these spot quotes :  
 USD/JPY : 110.25/111.10;  
 USD/AUD : 1.6520/1.6530.  
 At the same time, a bank in Sydney is quoting : AUD/JPY: 68.30/69.00. Is there an arbitrage opportunity ? Consider this sequence of transactions :  
 a) Sell Yen, buy US dollars and then sell US dollars and buy Australian Dollars.  
 Do both these transactions in New York and  
 b) Sell the Australian Dollars for yen in Sydney ? (2×12=24)



**K20P 0144**

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.)**

**Examination, April 2020**

**(2014 Admission Onwards)**

**Elective – A : FINANCE**

**COM4E 02 – 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) What is a Exchange Rate ?  
B) Differentiate spot market and future market.  
C) Explain the importance of International financial management.
2. A) What is a Portfolio ?  
B) List out any three features of Purchasing Power Parity Theory.  
C) Write a short note on exchange rate determination.
3. A) What is the abbreviation for IBRD ?  
B) Give a brief description of present exchange rate system.  
C) Discuss the role of international financial institutions in International Monetary System.
4. A) Define Balance of Payment.  
B) What is Interbank Clearance ?  
C) Explain the macro economic factors affecting exchange rate.
5. A) Define FII.  
B) Distinguish FII and FDI.  
C) How does foreign investment affect our economy ?

P.T.O.



- 6. A) Name any 2 international market instruments.
- B) Explain the major functions of ADB.
- C) What are the recent trends in exchange rate determination ? **(4x9=36)**

**SECTION - B**

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

- 7. A) Give an overview of India's Foreign Investment Policy.
- OR**
- B) What is IMF ? How does it help in creating International Liquidity ?
- 8. A) Explain in detail the problems affecting International Financial Market.
- OR**
- B) What are the major reforms of International Monetary System ? **(2x12=24)**





K19P 0130

Reg. No. : .....

Name : .....

IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019  
(2014 Admission Onwards)  
Elective – A – FINANCE

COM 4E02 : 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) What do you mean by exchange rate determination ?  
B) Explain the concept of international fisher effect.  
C) Discuss how exchange rate is determined under purchasing power parity theory.
2. A) What do you mean by 'bid-ask' spread ?  
B) How it is computed ?  
C) Explain Swap transaction with suitable example.
3. A) What do you mean by over the counter market ?  
B) Who are the participants of foreign exchange market ?  
C) If the rate of exchange is  
US \$2.000 – 2.0100/ Euro in Newyork  
US\$1.9800 – 1.9810/ Euro in London  
Explain how arbitragers will gain.

P.T.O.



4. A) Explain the term hedging.  
 B) For what purpose it is used ?  
 C) An Indian firm has receivables of \$10,000 due six months from now. The spot and forward Rates are follows :
- |                              |       |       |
|------------------------------|-------|-------|
| Spot exchange rate (Rs.1 \$) | 41.60 | 41.70 |
| Six months swap              | 40.00 | 65.00 |
- The exporter does not want to have any uncertainty about the amount to be realized.  
 How should he do ? How much amount can be realized for his receivables ?

5. A) What do you mean by mind parity in gold standard ?  
 B) What are the different types of brokers operating in the market for currency futures ?  
 C) Distinguish between forward contract and a future contract.
6. A) What do you understand by FII ?  
 B) Distinguish between FII and FDI.  
 C) Critically evaluate the FDI policy of India. (4×9=36)

### SECTION – B

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

7. A) A year back, the exchange rate was Rs.40 per \$. As compared to the last year, rupee has appreciated by 10%. The inflation rate in India was 5% while it was 10% in US.  
 a) What is the normal exchange rate today ?  
 b) If PPP were to hold, what should be the exchange rate ?  
 c) Has rupee appreciated or depreciated with respect to dollar in real terms and by how much ?

OR

- B) What are the distinguishing features of foreign exchange markets as compared to commodities markets for determining price as an intersection of demand and supply schedules ?
8. A) What do you understand by interest rate exposure ? Explain the different kinds of risks exposed by interest rate uncertainty.

OR

- B) Discuss the role and functions of IMF in international financial management. (2×12=24)



K18P 0381

Reg. No. : .....

Name : .....

**Fourth Semester M.Com. Degree (Reg./Suppl./Imp.)**  
**Examination, March 2018**  
**(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) What is spot market ?  
B) Explain briefly the issues in FDI.  
C) What is IBRD ? What are its functions ?
2. A) What is ABD ?  
B) Write a short note on European Monetary system.  
C) Explain portfolio balance model.
3. A) Define BOT.  
B) What are the economic factors affecting exchange rate ?  
C) What are the alternative exchange rate regimes ?
4. A) Define International Financial Management.  
B) Give an overview of interbank clearings among banks in different countries.  
C) What are the merits and demerits of European Monetary system ?
5. A) What do you mean by liquidity ?  
B) What are the common debt instruments ?  
C) Explain in detail the scope of international monetary system.

P.T.O.



- 6. A) Name any 2 types of Foreign Direct Investment.
- B) How can purchasing power affect the exchange rate ?
- C) What are the components of balance of payment ? (4×9=36)

SECTION – B

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

- 7. A) Explain in detail International Financial Management.

OR

- B) Write an essay on International Debt Institutions.

- 8. A) Discuss the major changes in International Market.

OR

- B) What is IMF ? What are its functions ? What are the special lending schemes ? (2×12=24)



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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K16P 0218

Reg. No. : .....

Name : .....

**Fourth Semester M.Com. Degree (Regular/Supplementary/  
Improvement) Examination, March 2016**

**(2014 Admn.)**

**Elective – A Finance**

**COM 4E02 : International Financial Management**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions :

1. a) What do you mean by deficit in the balance of payment ?  
b) What are the components of the balance of payment ?  
c) Explain the structure of the 'Current Account in India', BOP statement.
2. a) Define foreign direct investment (FDI).  
b) What are the different types of FDI ?  
c) Explain the different forms of foreign direct investment.
3. a) What do you mean by exchange rate regimes ?  
b) State how SDRs are created.  
c) Explain the areas where the co-operation of member countries is required in IMF.
4. a) What do you mean by spot transaction ?  
b) State the structure of Indian foreign exchange market.  
c) What are the features determiner foreign exchange ?

P.T.O.



- 5. a) What do you mean by international financial management ?  
b) What is relevance of study in international finance ?  
c) Explain the scope and importance of international financial management.
- 6. a) What is IBRD ?  
b) What are the objectives of IBRD ?  
c) What are the similarities between IBRD and IMF. **(4×9=36 Marks)**

SECTION – B

Answer the following :

- 7. Explain the functions of IMF.

OR

Describe the various transaction in foreign exchange market.

- 8. Explain the motives for using international financial market.

OR

Explain the limitations and problem of foreign direct investment. **(2×12=24 Marks)**

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M 27001

Reg. No. : .....

Name : .....

**IV Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)**

**Examination, March 2015**

**COMMERCE**

**Paper – 16 : FINANCIAL MANAGEMENT**

Time: 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **any 5** questions. **Each** carries **8** marks.

1. Discuss the various types of dividend policies.
2. What is lock box system ? How does it help to reduce the cash balances ?
3. The annual demand for a product is 6400 units. The unit cost is ₹ 6 and inventory carrying cost per unit is 25% of the average inventory cost. If the cost of procurement is ₹ 75, determine :
  - a) Economic Order Quantity (EOQ)
  - b) Number of orders per annum
  - c) Time between two consecutive orders.
4. Travancore Fans Ltd. needs ₹ 5,00,000 for the expansion of its activities and it is expected to earn a rate of return of 10% on its investment. The management of the company is considering to finance this amount by retaining profits which otherwise shall be distributed to the shareholders. The shareholder, on an average, are in 60% tax bracket. If the shareholder reinvest their dividends, they will earn 12% on new investment but have to incur a brokerage of 2% on the purchase of new securities. What is your recommendation to the management keeping in view of the shareholders ?
5. What are the objectives of a good financial plan ?
6. What are the main function of the modern finance manager ? How do they differ from those of the traditional finance manager ?

P.T.O.



7. Explain the different tools as methods used by financial manager in performance of his job.
8. Distinguish between operating leverage and financial leverage. (5×8=40)

### SECTION – B

Answer **any two** questions. **Each** carries **20** marks.

9. Explain the factors determining the capital structure.
10. Suresh motors, a producer of generators is on this situation : EBIT = ₹ 40 lakhs ; Tax rate = 35% Debt outstanding ₹ 20 lakhs : cost of debt 10%, cost of equity 15%, shares or stock outstanding 6,00,000 (Nos.) and book value per share ₹ 10/-. Since Suresh's product market is stable and the company expects no growth, all earnings are paid out as dividends. The debt consist of perpetual bonds.
- What are the Suresh's earning per share and its price per share ?
  - What is Suresh' weighted average cost of capital ?
  - Suresh can increase its debts by ₹ 80 lakhs to a total of ₹ 1 crore, using the new debt to buy back and retire some of its share at the current price. Its interest rate on debt will be 12% (it will have to call and refund the old debt) and its cost of equity will rise from 15% to 17% . EBIT will remain constant should Suresh change its capital structure.
11. Raj Brothers Private Ltd. sells goods on a gross profit of 25% depreciation is taken into account as a part of cost of production. The following are the annual figures given to you :
- |   |           |
|---|-----------|
| Sales (two months credit)   | 18,00,000 |
| Material consumed (one month credit)                                | 4,50,000  |
| Wages (one month lag in payment)                                    | 3,60,000  |
| Cash manufacturing expenses (one month lag)                         | 4,80,000  |
| Administration expenses (one month lag)                             | 1,20,000  |
| Sales promotion expenses (paid quarterly in advance)                | 60,000    |
| Income tax payable in 4 installments of which one lies in next year | 1,50,000  |
- The company keeps one months ; stock each of raw material and finished goods. It also keeps ₹ 1,00,000 in cash. You are required to estimate the working capital requirement of the company on cash cost basis assuming 15% safety margin. Ignore work in progress.
12. What is cost of capital ? Explain the significance of cost of capital ? (2×20=40)