

**Roll No.**

**Total No. of Pages : 03**

**Total No. of Questions : 10**

MBA (Sem-4)

## INTERNATIONAL FINANCE & FINANCIAL DERIVATIVES

**Subject Code : MBA-915-18**

**M.Code : 77814**

**Date of Examination : 10-06-2023**

**Time : 3 Hrs.**

**Max. Marks : 60**

**INSTRUCTIONS TO CANDIDATES :**

1. **SECTION-A** contains **EIGHT** questions carrying **TWO** marks each and students have to attempt **ALL** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and students have to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** and consist of **ONE** Case Study carrying **TWELVE** marks.

## SECTION-A

1. Write briefly :
  - a) BOP
  - b) Primary Market
  - c) Difference between Call Option and Put Option
  - d) ADR
  - e) Purchasing Power Parity
  - f) Butterfly Spreads
  - g) Swap Derivative
  - h) Economic Exposure.

## **SECTION-B**

### **UNIT-I**

2. What is International Monetary System? Explain the various systems emerged in IMS.
3. What is forex market? Explain the structure of International Foreign Exchange Market.

### **UNIT-II**

4. Write a brief note on External Commercial Borrowings and also explain the concept of ADR on the Indian Capital Market.
5. What do you mean by Fisher effect? Explain with the help of example.

### **UNIT-III**

6. What do you mean by Financial Innovations/Derivatives? What are the various types of financial derivatives?
7. Explain the hedging, speculative and arbitraging strategy of financial futures.

### **UNIT-IV**

8. What is transaction exposure? Explain the significance of transaction exposure in foreign exchange market.
9. Explain the difference between swaps and swaptions? What factors are used to determine the price of swaps and swaptions?

## **SECTION-C**

### **10. Case Study :**

Case Study: Managing Foreign Exchange Risk for a Global Company

Background :

XYZ Corporation is a global manufacturing company that has operations in several countries. The company produces and sells goods in different currencies, and as a result, is exposed to foreign exchange risk. The management team XYZ Corporation is

concerned about the potential impact of foreign exchange risk on the company's financial performance.

**Questions :**

- a) What is foreign exchange risk, and how does it impact XYZ Corporation?
- b) What are the different types of foreign exchange risk that XYZ Corporation is exposed to?
- c) How can XYZ Corporation measure its exposure to foreign exchange risk?
- d) What are the different hedging techniques that XYZ Corporation can use to manage its foreign exchange risk?

**NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student**