

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)
(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY,
THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (S), FEBRUARY 2023
(2020 Scheme)

Course Code : 20MBA243

Course Name: International Finance

Max. Marks : 60

Duration: 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. How is a hedger different from an arbitrageur in the forex market?
2. What are main objectives of FEMA?
3. Illustrate NEER and REER?
4. The following quotes are seen available in the bank:
USD/SGD (US Dollar and Singapore Dollar)
Spot : 1.6225/30
180 day swap: 35/20
What is the outright USD/SGD 180 day rate? Is the SGD at discount or premium?
5. Why is London Interbank Offered Rate (LIBOR) being discontinued?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Assume that the Mexican peso exhibits a six-month interest rate of 6 percent and that the U.S. dollar exhibits a six-month interest rate of 5 percent. According to IRP, the forward rate premium of the peso with respect to the U.S. dollar should be how much? (The U.S. dollar is the home currency)
7. Why did Bank for International Settlements was formed? Outline their functions and responsibilities?.
8. Explain the context and outcome of Bretton Woods conference? Narrate reasons for the collapse of Bretton Woods system?
9. Over the past five years, the exchange rate between the British pound and the U.S. dollar, \$/£, has changed from about 1.80 to about 1.30. Would you agree that over this five-year period, British goods have become cheaper for buyers in the United States?
10. Explain how International Credit Markets and International Bond Markets can assist an exporter from India?

PART C

(Compulsory question, the question carries 20 marks)

11. Allis D Ltd. is the Indian affiliate of a US manufacturer. Allis D Ltd. manufactures items which are sold primarily in the US and Europe. Allis D Ltd. Balance sheet in 000's of Rupees as on 31st March is as follows:

Liabilities	Rs. (000's)	Assets	Rs. (000's)
Accounts Payables	5,500	Cash	10,000
Short term Bank Loan	3,500	Accounts Receivables	8,500
Long term Loan	6,000	Inventory	9,000
Capital Stock	25,000	Net Plant & Machinery	25,000
Retained Earnings	12,500		
Total	52,500	Total	52,500

Exchange rates for translating the balance sheet into US dollars are:

Rs. 55/\$: Historic exchange rate, plant and machinery, long term loan, and common stock were acquired or issued.

Rs. 60/\$ on 31st March exchange rate. This was also the rate at which inventory was acquired.

- a) Calculate the gain or loss from the exposure under Current Rate method Marks (10)
- b) Calculate the gain or loss from the exposure under Monetary/Non-Monetary method
Marks (10)
