

#### UNIT-IV

8. Why is creation of a corporate strategy more complexed and important for an MNC than to a domestic firm? Explain the strategy of an MNC under the following heads : [4+6]
- (a) Operations strategy
  - (b) HR Strategy
  - (a) Marketing Strategy
9. Why is it important to analyse the political risk present in the host country before deciding the location of foreign investment. Further discuss other issues which needs to be considered while investing funds abroad. [10]

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## Question Paper Code : 1701

**M.B.A. (F & C) (Semester-IV) Examination, 2018**

### **INTERNATIONAL FINANCIAL MANAGEMENT**

**[ FC-042 ]**

**Time : Three Hours]**

**[Maximum Marks : 70**

**Note :** Answer **five** questions in all. Question **No.1** is **compulsory** which carries **30** marks.. Select **one** question from each of the four units carrying **10** marks each.

1. Briefly answer the following questions : [10x3=30]
- (a) 'Domestic market monetary developments influences the exchange rate.' Comment.
  - (b) Explain why does a multinational generally have production plants in a number of countries?
  - (c) 'Exchange rate plays an important role in deciding international spending decisions.' Comment.
  - (d) What is SDR and what role it plays in international financial adjustments?

- (e) How does the exchange rate adjust under flexible system?
- (f) What are spin-off benefits?
- (g) "Current account deficit is an indicator of international financial obligations". Explain.
- (h) How does an MNC decide the location?
- (i) Why is international financial management required?
- (j) What are the effects of huge FII withdrawals on the host country?

#### UNIT-I

- 2. (a) How is exchange rate determined? Further explain why is the exchange rate method adopted in accordance with the economic policies and level of development? [6]
- (b) Show the effect of currency appreciation and depreciation on the BOP of the country. [4]
- 3. "Increasing international economic linkages requires a developed international financial system". Elaborate upon

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the components and needs of international financial system. [10]

#### UNIT-II

- 4. Explain how the composition of BOP changes along with the level of economic development. Further discuss whether the disequilibrium in the BOP adversely influences the international financial status of an economy or not? [10]
- 5. "In the present world, no country can live in isolation". In the light of the above statement, discuss the determinants and impact of foreign investments for both host and home country. [10]

#### UNIT-III

- 6. Examine the role of IMF and World Bank in international financing. Explain how these institutions ensures international liquidity adjustments? [10]
- 7. Explain the following in brief : [5+5=10]
  - (a) GDRs & ADRs, Euro Issues & FCCBs
  - (b) Financing strategy of an MNC.

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[P.T.O.]