

MANAGEMENT PROGRAMME

Term-End Examination

June, 2013

**MS-45 : INTERNATIONAL FINANCIAL
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

Note : Attempt any five questions. All questions carry equal marks.

1. Analyse the underlying reasons for the debt crisis faced by developing countries in the decade of 80's. Also explain the impact of the first and second oil shocks on developing countries.
2. What are the main types of economic activities measured by a country's BOP ? Why does the BOP always "balance" ?
3. Explain Interest Rate Parity relationship and its applications. What are the reasons for deviation from such relationship ?
4. Describe different types of foreign exchange exposures. Explain the techniques used for management of transaction exposure.

5. Explain in detail the Credit Insurance Policies and Maturity Factoring services offered by Export Credit Guarantee Corporation.
 6. Why is Cost of Capital different across countries ? How is the cut off rate for a foreign project determined ?
 7. Discuss the basic steps involved in evaluating foreign projects. Why should a foreign project be evaluated individually as well as from its parent company's viewpoint ?
 8. What do you understand by International Diversification ? Discuss the ways in which international diversification can be achieved and explain the barriers in its way.
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