

Biyani Institute of Science and Management
I Internal Examination 2019-20
MBA (III Semester)
Subject- International financial Management (M-311)



Time: 1.30 Hrs.

Set: B

MM: 30

[I] Subjective Questions (Attempt any two questions) (2*10=20)

Q.1 What do you mean by balance of Payment?

Q.2 Explain the current account, capital account of balance of payment?

Or

What are factors affecting the components of BOP account?

Q.3 What do you mean by country Risk and explain the different type of risk that need to Considered while investing in foreign country?

[II] Case Study – Compulsory (1*10=10)

The globalization of financial markets brought about by recent technological changes financial market liberalization in the removal of capital controls has imposed upon all MNC with international cash flows the necessity to change foreign exchange exposure that a floating exchange system creates. Today, multinational firms are trying to develop techniques and Strategies for effective foreign exchange exposure management. The foreign exchanges strategy adopted is critical to a MNC in the present day environment due to the high variability in the exchange rates and needs to evolve with the changing structure of the company. Further, in view of the fact that firms are now more frequently entering into financial and commercial contracts denominated in foreign currencies, judicious measurement and management of transaction exposure has become critical to the success of a MNC.

Questions:

- 1 Outline the numerous challenges that MNC faces when trying to manage exposure in various currencies.
- 2 Do you think currency correct correlation and variability are related to the political risk which country faces? Can you give examples to illustrate your answer?

