

**Code No: MB1648/R16**

**MBA IV Semester Regular/ Supplementary Examinations, October-2020**

**GLOBAL FINANCIAL MANAGEMENT**

**Time: 3 Hours**

**Max. Marks: 60**

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*Answer Any FIVE Questions  
All Questions Carry Equal Marks  
Question No. 8 is Compulsory*

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| 1. a | Explain challenges and opportunities of Globalization.   | 6M  |
| b    | What is floating exchange rate system? Explain the differences between managed floating and independent floating system.   | 6M  |
| 2. a | What is politico economic risk? How do you measure it?   | 6M  |
| b    | What is transaction exposure? When it arise?   | 6M  |
| 3. a | Discuss operational strategies of MNCs.  | 6M  |
| b    | What is currency option? Explain its types.  | 6M  |
| 4. a | Explain various strategies of FDI.   | 6M  |
| b    | Explain various types of international bonds.  | 6M  |
| 5. a | Discuss the role of multi lateral development banks.   | 6M  |
| b    | Write about asset-liability management in MNCs   | 6M  |
| 6. a | What is external indebtedness? How will you manage it?   | 6M  |
| b    | Discuss the challenges of managing external indebtedness.  | 6M  |
| 7. a | What do you mean by hedging? How can you hedge exchange rate exposure using swaps?   | 6M  |
| b    | Explain methods of correcting disequilibrium in BOP.   | 6M  |
| 8.   | Assume that a MNC ABC limited, would like to execute a money market hedge to cover a ¥ 250,000,000 shipment from Japan of music system it will receive in six months. The current exchange rate for Yen is ¥ 124/\$. | 12M |
| i.   | How would ABC Ltd. Structure the hedge? What would it do to hedge the Japanese Yen it must pay in six months? The annual Yen interest rate is 4%.  |     |
| ii.  | The Yen may rise to as much as ¥ 140/\$ or fall to ¥ 115/\$. What will the total dollar cash flow be in six months in either case?   |     |

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