



K. K. Wagh Institute of Engineering Education & Research, Nashik
(An Autonomous Institute From A.Y. 2022-23)

InSem Examination-I Winter2025	
Exam Seat No.:	
Academic Year:2025-2026	Semester:III
Class:PG-II	Program:MBA
Branch Code:10	Pattern:2024
Name of Course:International Finance	Course Code:2410613B
Max. Marks:30	Duration:1.15 Hrs.

Instructions: Candidates should read carefully the instructions printed on the Question Paper and on the cover page of the Answer Book, which is provided for their use.

1. This question paper contains 2 pages.
2. Answer to each new question is to be started on a new page.
3. Assume suitable data wherever required, but justify it.
4. Draw the neat labelled diagrams, wherever necessary.
5. The last columns indicates the Course Outcome and level of Blooms Taxonomy of the Question/sub-question.
6. Q.1 and Q. 3 are compulsory. Solver either (a) or (b) from Q. 2 and Q. 4.

Marks CO

Question No. 1

- 1 a) Apply the concept of globalization to explain why modern firms require international financial management (3) CO1
- 1 b) Using suitable examples, illustrate the scope and importance of international finance in supporting cross-border investments. (4) CO1

Question No. 2

- 2 a) Apply your understanding of the Gold Standard to demonstrate how mint parity determined exchange rates historically. (8) CO1

OR

- 2 b) Examine how currency boards and currency baskets operate as mechanisms under flexible exchange rate systems and assess their advantages for emerging economies. (8) CO1

Question No. 3

- 3 a) Analyse how changes in the financial account of the Balance of Payments reflect the flow of foreign investments in a country. (3) CO2
- 3 b) Apply the concept of foreign exchange market participants to explain how speculators and central banks influence exchange rate movements. (4) CO2

Question No. 4

- 4 a) The following exchange rate for the Japanese Yen is quoted by an Indian bank: INR/JPY = 0.5650 / 0.5720 Required: (8) CO2
- a) Compute the spread and the percentage spread.
 - b) If a customer buys JPY 200,000, how many rupees must they pay?
 - c) If a customer sells JPY 200,000, how many rupees will they receive?
 - d) Determine the indirect quote (JPY/INR) and find bid and ask rates.

e) Verify that the percentage spread for the indirect quote is the same as the direct quote.

OR

4 b) The following spot rates are available in the market: $\text{INR/USD} = 83.50 / 84.20$ $\text{INR/EUR} = 91.80 / 92.60$ Required: (8) CO2

a) Calculate the cross rate between EUR and USD (EUR/USD).

b) Determine whether an arbitrage opportunity exists if the actual market quote is $\text{EUR/USD} = 1.11$.

..... End of question paper.....