



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

WINTER-2025	
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:60	Duration:2.30 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. Q1 and Q2 are compulsory. Solve any one of (a) or (b) and (c) or (d) for Q3, Q4, Q5.

Marks CO

Question No. 1

- 1a) Discuss the meaning, scope and importance of international financial management in the context of globalization. How does it differ from domestic financial management? (6) CO1

Question No. 2

- 2a) Spot rate: USD/INR = 82.50. 3-month forward: USD/INR = 83.25. US 3-month interest rate = 5% p.a., India = 7% p.a. (6) CO2
(i) Calculate annualized forward premium on USD.
(ii) Check if covered interest parity approximately holds.

Question No. 3

- 3a) Define foreign exchange risk and explain why even firms with no direct foreign transactions face exchange rate exposure. Provide examples. (8) CO3

OR

- 3b) Explain internal techniques for managing FX risk: netting, matching, leading/lagging, reinvoicing. When is each appropriate? (8) CO3
3c) Explain transaction exposure and methods used to measure transaction exposure. (8) CO3

OR

- 3d) Explain economic exposure and discuss why it is difficult to measure and manage. (8) CO3

Question No. 4

- 4a) Discuss main steps in multinational capital budgeting. How are political risk and exchange rate risk incorporated? (8) CO4

OR

- 4b) Explain financial integration vs market segmentation. How do they affect MNC investment decisions? (8) CO4
4c) Explain ADRs and GDRs as instruments for raising international equity capital. (8) CO4

OR

- 4d) Explain international bond instruments such as Eurobonds and foreign bonds. (8) CO4

Question No. 5

- 5a) Explain functions of SWIFT and CHIPS in international payments. How do they improve efficiency and security? (8) CO5

OR

- 5b) Discuss importance of KYC and AML in international finance. How do they affect cross-border banking? (8) CO5

- 5c) Explain major trade-related risks faced in international trade transactions. (8) CO5

OR

- 5d) Explain the concept and working of Letters of Credit in international trade. (8) CO5

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