

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022

(2020 Scheme)

Course Code : 20MBA243

Course Name: International Finance

Max. Marks : 60

Duration: 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. Define current account deficit? How countries can prevent current account deficit?
2. Explain gold standard?
3. What is exchange rate non-system?
4. Contrast translation and transaction exposure?
5. What are the major functions of EXIM Bank?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Explain the context of International Monetary Fund formation? What are the aims and functions of IMF?
7. Examine briefly the foreign exchange regulatory framework in India?
8. Compare between absolute purchasing power parity theory and relative purchasing power parity theory? List reasons for purchasing power parity theory often not working in real world?
9. Examine the Asian currency crisis and its impact on currencies and exchange rate?
10. Explain ADR and GDR with suitable examples.

PART C

(Compulsory question, the question carries 20 marks)

11. Tata Motors acquired the Jaguar Land Rover businesses from Ford Motor Company for a net consideration of £2.3 billion on 1st April 2008, in an all-cash transaction. The purchase consideration will be paid to Ford motors equally in two phases on 1/4/2008 and 30/05/2008. The exchange rate GBP/INR on 1/4/2008 was Rs.82. However on 30/05/2008 Rupee had depreciated its value by 5% against GBP.

Given below is the balance sheet of Jaguar Land Rover on 31/03/2009. The exchange rate on 31/03/2009 was recorded at Rs. 83/GBP (before this new rate for GBP, exchange rate was 81.75/GBP).

Liabilities	Amount (£)	Assets	Amount (£)
Sundry creditors	520	Cash and cash equals	850
Shareholders fund	1230	Short-term Investments	560
Long term loan	750	Building and premises	1050
Retained earnings	350	Patents	390
	2850		2850

- a) Translate balance sheet into INR under current/ non-current method and find out translation loss or gain? Marks (10)
- b) Examine different types of forex related risks faced by the TATA Motors? Marks (2)
- c) Develop a hedging strategy for TATA Motors? Marks (5)
- d) List the economic factors that might have led to the Rupee depreciation when Jaguar Land Rover was acquired by TATA motors? Marks (3)
