CB
Batch 2021-23

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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)

EXAMINATION : DECEMBER-2023

SEMESTER - III

Sub: International Financial Management (MFM307)

Date: 19/12/2023 **Total marks: 60** **Time: 10.00 am To 12.30 pm**

SECTION – I

Q. 1. Fill in the blanks. **(5)**

1. The term "exchange rate" refer to ………………. in the context of international finance
   a) The rate at which countries exchange goods and services
   b) The rate at which currencies can be exchanged
   c) The rate at which interest is exchanged between central banks
   d) The rate at which inflation affects international trade
2. ……………….. is the main factor influencing exchange rate determination in a floating exchange rate system
   a) Government interventions
   b) Supply and demand for currencies
   c) Fixed interest rates
   d) Historical exchange rate trends
3. In the balance of payments, what does a surplus mean?
   a) Exports exceed imports
   b) Imports exceed exports
   c) Government revenue exceeds government expenditure
   d) Savings exceed investment
4. ……………….. is a key advantage of forming multinational groups for international projects.
   a) Reduced cultural diversity
   b) Increased communication challenges
   c) Enhanced resource pooling and expertise
   d) Limited access to global markets
5. The role of a Project Management Office (PMO) in the context of multinational projects ………………..
   a) To hinder project progress by introducing unnecessary bureaucracy
   b) To oversee the management of projects within a single country
   c) To provide centralized support and coordination for projects across multiple countries
   d) To focus solely on financial aspects of project management

Q. 2. Answer the following. (Any Two) **(20)**

1. Explain the concept of "conditionality" in the context of IMF lending.
2. Explain the meaning of the Balance of Payments and outline the accounting principles that govern its structure.
3. Outline the organizational structures commonly adopted by multinational groups to manage international projects.
4. Describe "Portfolio Balancing Model”

Q. 3. Write notes on. (Any Two) **(10)**

1. Fundamentals of evaluating foreign projects
2. Spot and forward rates
3. Macro-economic factors affecting exchange rate

SECTION – II

Q. 4. Case Study **(15)**

A leading multinational technology corporation, TechGlobal Inc., decides to expand its market reach by entering emerging markets in Southeast Asia. The company aims to tap into the growing demand for digital products and services in these regions and achieve operational efficiencies through cost-effective manufacturing and talent acquisition.

TechGlobal Inc. plans to introduce its latest smart phones and smart devices in Indonesia, Vietnam, and Thailand, leveraging the emerging middle-class consumer base. The company aims to reduce production costs and capitalize on the local skilled workforce by establishing manufacturing facilities and R&D centers.

Fluctuations in currency exchange rates can result in financial losses or gains, affecting project budgets and profitability.

Questions.

I. How can project managers foster effective cross-cultural communication within international teams?

II. How can TechGlobal Inc. hedge against currency risks in international projects?

Q. 5. Answer the following: **(10)**

a) Critically discuss the reforms in the present exchange rate system within the international monetary system

OR

b) Discuss the role of the IMF in providing international liquidity and its significance for global economic stability.