

BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI  
(END SEMESTER EXAMINATION)

CLASS: MBA  
BRANCH: MBA

SEMESTER : IV  
SESSION : SP/2023

SUBJECT: MT507 INTERNATIONAL FINANCE

TIME: 3 Hours

FULL MARKS: 50

**INSTRUCTIONS:**

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
  2. Attempt all questions.
  3. The missing data, if any, may be assumed suitably.
  4. Before attempting the question paper, be sure that you have got the correct question paper.
  5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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		CO	BL
Q.1(a)	Explain the process of calculating cross rates in foreign exchange markets, including the factors that influence their fluctuation and the significance of cross rates for international trade and investment?	[5] 1	2
Q.1(b)	The quote for NZD/USD (0.7253-0.7256) and AUD/USD (0.7701-0.7719). If the client were to sell AUD and buy NZD (offer side), determine the cross rate of NZD/AUD.	[5] 1	2
Q.2(a)	Discuss Input-Output Analysis.	[5] 2	2
Q.2(b)	Discuss the Circular Flow Model with interconnectivity between sectors.	[5] 2	3
Q.3(a)	Explain the process of hedging.	[5] 3	1
Q.3(b)	A flour-miller has a contract to supply flour at a fixed price in 2 months. How can he hedge against the possibility of a rise in the price of wheat in 2 months?	[5] 3	4
Q.4(a)	Explain with example how Modern Portfolio Theory (MPT) is applied to International Diversification.	[5] 4	3
Q.4(b)	Does International Diversification still work after Great Financial Crisis?	[5] 4	3
Q.5(a)	Discuss pros and cons of Foreign Direct Investment (FDI).	[5] 5	2
Q.5(b)	What is horizontal foreign direct investment, and how does it compare to vertical FDI?	[5] 5	2

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