Unit IV

5. What is FDI ? Explain its types, merits and demerits. **12**

Or

Briefly describe the various International financing Sources.

Unit V

6. Explain the concept, significance and components of cost of capital. **12**

Or

Explain the methods under non-discounting criteria with their advantages and disadvantages which are used to evaluate the financial viability of a project.

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M.B.A. EXAMINATION, 2026

(Fourth Semester)

(Re-appear Only)

SPL-FINANCE

International Finance

(From 2019-20 Onwards)

Time : 3 *Hours*] [*Maximum Marks :* 80

Before answering the question-paper, candidates must ensure that they have been supplied with correct and complete question-paper. No complaint, in this regard will be entertained after the examination.

Note : Attempt *Six* questions in all, selecting *one* question from each Unit. Q. No. **1** is compulsory.

1. Attempt all questions : **20**

(i) What is Trade Balance ?

(ii) What is international finance ?

(iii) Define the Floating Exchange Rate.

(iv) What is the Real Interest Rate Parity ?

(v) What is the meaning of derivatives ?

(vi) Define the concept of Foreign Exchange Risk.

(vii) Define the European Monetary System.

(viii) What do you mean by Euro equity ?

(ix) What is capital Budgeting ?

(x) What do you mean by Cost of Foreign Borrowings ?

Unit I

2. Examine different theories of Exchange Rate Determination. **12**

Or

What is Arbitrage ? What is a condition that will give rise to a triangular arbitrage opportunity ?

Unit II

3. What are the sources of supply and demand for foreign exchange ? Discuss how you measure international trade and investment. **12**

Or

What is foreign exchange market ? Explain the structure and types of transactions in foreign exchange market.

Unit III

4. Explain different types of exposures in foreign exchange market. **12**

Or

Explain the impact of relatively high inflation rate in domestic country on the foreign exchange rate.