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2019

COMMERCE

Paper : COM 3046

(International Financial Management)

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

*Answer **all** questions as directed.*

1. Select the most appropriate answer from the multiple choice given against each : 1×5=5

(i) Which of the following is a reason to consider international business ?

(A) Economies of scale

(B) diversification

(C) exploit monopolistic advantages

(D) All of the above.

Contd.

(ii) Which of the following is an item of Capital Account of the Balance of Payments Account?

I. Receipt from Exports

II. Loans taken from foreign countries

III. Donations received from foreign countries

Answer Codes :

(A) I only

(B) II only

(C) II and III only

(D) I and III only

(iii) "Prohibition of remittance of funds is an example of currency control." This statement is :

(A) True

(B) False

(iv) LIBOR refers to :

(A) the interest rate commonly charged for loans between banks

(B) the maximum interest rate offered on bonds that are issued in London.

(C) the maximum loan rate ceiling on loans in the international money market.

(D) the maximum deposit rate ceiling on deposits in the international money market.

(v) Assume zero transaction costs. If the 60-day forward rate of the euro is an accurate estimate of the spot rate 60 days from now, then the real cost of hedging payables will be :

(A) positive

(B) negative

(C) positive if the forward rate exhibits a premium, and negative if the forward rate exhibits a discount

(D) Zero

2. Answer the following in about **30–50** words each : 2×5=10

(a) State *any two* international functions of a multinational firm.

(b) Mention the items shown in Current Account of a Balance of Payment Account.

(c) What is forward exchange rate ?

(d) What is international liquidity ?

(e) What is meant by foreign bond ?

3. Answer ***any five*** of the following in about **150** words each : 5×5=25

(a) Discuss the significance of international finance.

(b) What do you mean by Currency Convertibility ?

(c) Write a short note on Bretton Woods system.

(d) Discuss the functions of the IMF.

(e) Discuss the methods of forecasting exchange rate.

(f) State the salient features of interest rate swaps.

(g) How can translation exposure be measured ?

(h) Discuss the mode of quoting exchange rates.

4. What is international financial management ? How does it differ from financial management of the domestic firm ? 5+5

Or

Explain the concept of balance of payments and discuss its significance. 7+3

5. Discuss the relative merits and demerits of the fixed and floating exchange rate regime. Which system is suitable in the current international market scenario ? 4+4+2

Or

What are the sources of international funds ? Describe them briefly. 10

6. What is foreign exchange ? Explain the structure of the foreign exchange market in India. 2+8

Or

Explain the Purchasing Power Parity Theory and examine its applicability. 7+3

7. Distinguish between foreign exchange exposure and foreign exchange risk. 10

Or

Enumerate the different techniques of managing foreign exchange exposure. 10

Paper : COM 3066

(Industrial Relations and Labour Laws)

Answer Question nos. **1, 2** and **7** which are ***compulsory*** and ***any three*** from the rest.

1. Choose the correct answers from the options given below : 1×4=4

I) Which of the following is not an approach to industrial relations ?

a. Unitary approach

b. Pluralistic approach

c. Marxist approach

d. Employee's approach

II) Parties to industrial relations are

a. ILO, Government, Association of employers

b. ILO, Government, IMF

c. ILO, Board of Directors, Association of employers

d. Government, Board of Directors, Association of employers

III) According to Indian Labour Commission (ILC) major recommendations, Union once recognized should be valid for a period of _______ years to be co-terminus with the period of settlement.

a. Two

b. Three

c. Four

d. Five

IV) Strike should be called only if at least _______ percent of workers are in support of strike.

a. 10

b. 15

c. 20

d. 25

2. Write short notes on the following : ***(any four)*** 5×4=20

a) What are the problems faced by quality circles ?

b) What is a living wage ?

c) What do you mean by industrial conflicts ?

d) What are the causes of grievances ?

e) What are the prerequisites for Workers Participation in Management ?

f) What are unfair labour practices ?

3. What are the various methods for the settlement of industrial disputes under the Industrial Disputes Act, 1947 ? Briefly describe each method. 4+10=14

4. Define collective bargaining. Discuss the different approaches to Collective Bargaining. 4+10=14

5. What is the importance of trade unions ? Trace briefly the history of Trade Unions in India. Discuss the various obstacles faced by Indian Trade Unions. 4+6+4=14

6. Write short notes on :

a) Standing Orders and their importance

b) Bipartite and tripartite bodies. 7×2=14

7. Read the following passage and answer the question given below :

Alpha Nutrients Ltd., a food processing factory was setup in Mumbai at Dadar some 25 years ago. As the factory, grew it shifted to a new location at Kandivali, some 28 kms away. The employees had to travel a long distance to reach the factory. Negotiations were held between the union and the management on the compensation to the employees for commuting to and fro to the new location. The management offered Rs. 1500/- per month as compensation whereas the union was demanding Rs. 4500/- per month. The management was not prepared to pay anything more than Rs. 1500/-. The union was flexible and wanted to negotiate on the issue, but the management was reluctant. The union therefore instructed the workmen not to cooperate with the management. The management started taking action on the union leaders for instigating the workers for resorting to non cooperation and slowing down of work. As a result two of the union leaders were suspended. The workers therefore as a first step resorted to a tool down strike demanding revoking of the suspension order against the two union leaders and threatened to go on a total strike

within three days if the management did not take any action.

As the Manager (Human Resources) of Alpha Nutrients Ltd., what advice would you give to the top management to resolve the matter amicably ? Discuss in details highlighting the various issues involved and the steps to be taken both by the employees and the management. 7+7=14
