



**M.Com. IV Semester Degree Examination, October - 2023**

**COMMERCE**

**B : Global Financial Management**

**(NEP)**

Time : 3 Hours

Maximum Marks : 70

**Note :** Answer **any five** of the following questions with Question No. 1 is **Compulsory**. Each question carries **fourteen** marks.

1. What is Global Financial Management? Explain the nature and scope of Global Financial Management. **14**
2. What is Foreign Exchange Exposure? Explain the various techniques for management of translation, transaction and operating exposure. **14**
3. Discuss the various factors affecting exchange rate in brief. **14**
4. (a) What is cross currency swap? Explain the benefits and limitations of cross currency swaps. **7**  
(b) Write a note on country risk analysis. **7**
5. Describe the basics of international capital budgeting. **14**
6. After tax lending and borrowing rates for three units of ABC Ltd. located in US, France and Germany are : **14**

	<b>Lending (%)</b>	<b>Borrowing (%)</b>
United States	3.4	4.2
France	3.2	4.5
Germany	3.6	4.7

Currently, the French and German units owe \$2 million and \$3 million, respectively to their US parent. The German unit also has \$1 million in payable outstanding to its French affiliate. The timing of these payments can be changed by up to 90 days in either direction. Assume that ABC Ltd. is borrowing funds while both French and German subsidiaries have excess cash available.

- (a) What should be ABC Ltd.'s optimal leading and lagging strategy?
- (b) What is net Profit impact of these adjustments?



7. Wipro is planning to start a wholly own subsidiary in Bangladesh to produce and sale Computer. It is planning to invest BDT 6,00,00,000. The plant would be operational within one year and it would have production capacity of 2,00,000 units per year and it would continue for 5 year as the company kept a vision for this. The company is expected to sell computer in Bangladesh at a price of BDT 22,000 per unit. Operating cost per unit is BDT 18,000 and Wipro is expecting an opportunity cost of 18% from the new investment. The Company has fixed depreciation 20% at straight-line method. **14**

The project further also provides following information.

- (a) The Company has accumulated balance BDT 20,00,000 in a local bank because of export to Bangladesh. Its withdrawal would attract a tax of 55%.
- (b) Wipro domestic location would provide the Chips for the computer which cost BDT 4,000 per piece which has variable cost of production BDT 2600.
- (c) Bangladesh government permits 2% of sales as royalty payment it is tax deductible. This income in India considered as "technology export" and hence in place of 35% tax it would attract 20% tax.

Carry out the appraisal for the project.

8. Write a note on :

- (a) Instruments of global financial market. **5**
- (b) Arbitrage operation. **5**
- (c) Net Present Value. **4**

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