

CLASS: M.Com.

15A/265

St. JOSEPH'S COLLEGE (AUTONOMOUS) TIRUCHIRAPPALLI – 620 002

SEMESTER EXAMINATIONS – APRIL 2015

TIME: 3 Hrs.

MAXIMUM MARKS: 100

SEM	SET	PAPER CODE	TITLE OF THE PAPER
IV	2013	12PCO4111	GLOBAL FINANCIAL MANAGEMENT

SECTION – A

Answer all the questions:

20 x 1 = 20

Choose the correct answer:

1. The General Agreement on Tariffs and Trade came into force on _____.
a) 1948
b) 1958
c) 1968
d) 1998
2. _____ was a multilateral agreement regulating international trade.
a) VAT
b) GATE
c) GATT
d) WTO
3. _____ is specific class of Special Economic Zone.
a) Free Trade Zonal
b) Forward Trade Zone
c) Freight Trade Zonal
d) Free Trade Zone
4. _____ is a type of risk faced by investors, corporations, and governments.
a) Political risk
b) Company risk
c) Financial risk
d) Corporate risk
5. _____ theory speaks about individual investment risks.
a) CAPM
b) Capital Structure Theory
c) Capital theory
d) Need Based Theory

Fill in the blanks:

6. From GATT to _____ came into existence on 1995.

7. Expand : FTP _____.
8. Expand: GATT _____.
9. _____ market is also called the “Cash Market” or “Physical Market”, because prices are settled in cash on the spot at current market prices.
10. _____ market in which participants can buy and sell commodities and their future delivery contracts.

State True or False:

11. The formula for calculation of

$$\text{Percentage of Equity is} = \frac{\text{Market Value of Equity}}{\text{Market Value of Equity} + \text{Market Value of Debt}}$$

12. FTZ stands for Free Trade Zones.
13. β_s stands for the sensitivity to market risk for the security.
14. Financial leverage refers to high level of profitability because of high fixed financial expenses.
15. Cost of debt means borrow funds from outside the interest paid on that amount is called cost of debt.

Match the following:

- | | |
|---|---|
| 16. MNCs | - a) R_e |
| 17. FDI | - b) Corporate Tax Rate |
| 18. Cost of Equity | - c) Enterprise in one or more countries |
| 19. The expected risk-free in that market | - d) R_f |
| 20. TC | - e) Controlling ownership in an enterprise in one country by an entity |

SECTION – B

Answer all the questions:

5 x 7 = 35

21. a. Explain the demerits of Globalization.

OR

b. Explain the goals of International Financial Management.

22. a. Explain the important functions of stock exchange.

OR

b. What are the powers that may be exercised by the Stock Exchange?

23. a. Explain the incentives that come under FDI.

OR

b. What are the reasons for firms investing in Overseas?

24. a. Differentiate between Book value and Market value.

OR

b. What are the factors affecting the cost of capital?

25. a. Explain the types of Leverages.

OR

b. Differentiate between Debt and Equity.

SECTION – C

Answer any THREE questions:

3 x 15 = 45

26. Explain the Advantages and Disadvantages of MNCs.

27. Explain the evolution of Foreign exchange market in India.

28. What is FDI? And explain the prohibition on FDI in India.

29. Bring out the assumptions of CAPM and how its guide investors related to risks.
30. Explain the significance of Modigliani and Miller Approach with assumptions.
