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| **SESSION** | **July 2023** |
| **PROGRAM** | **Master of business administration (MBA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DFIN401 – International Financial management** |
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**Assignment Set – 1**

**1. Discuss the various ways to finance exports in the Pre and post-shipment stage.**

**Ans 1.**

International Financial Management plays a crucial role in facilitating global trade by managing the financial aspects of cross-border transactions. One of the key components of international trade is export financing, which involves providing funds to exporters during both the pre-shipment and post-shipment stages of the export process. This financing is essential to ensure smooth trade operations, mitigate risks, and support the growth of

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**2. What is Balance of Payment? Explain the components of balance of payment. 5+5**

**Ans 2.**

**Balance of Payment**

Balance of Payments (BoP) is a statement that keeps track of all monetary transactions between citizens of a country and the rest of the world over a given span of time. This statement summarises all transactions made among individuals, corporations, and the government, and aids in the tracking of funds for economic development. In an ideal case, the BoP can amount to zero when all elements are correctly included. This means that fund

**3. What is the cost of capital and how is it calculated? Please provide a detailed explanation in MNCs perspective. 5+5 10**

**Ans 3.**

**Cost of Capital in International Financial Management: A Multinational Corporation's Perspective**

The cost of capital is a fundamental concept in finance that represents the required rate of return a company must achieve on its investments in order to satisfy its shareholders and creditors. It serves as a benchmark for evaluating the feasibility of various investment opportunities and is a crucial factor in the decision-making process for multinational

**Assignment Set – 2**

**4. Explain the meaning of foreign exchange exposure. Explain in brief the types of foreign exchange exposure. 5+5 10**

**Ans 4.**

Foreign exchange exposure refers to the risk associated with fluctuating foreign exchange rates, which can have a negative impact on financial transactions denominated in

A foreign currency other than the company’s domestic currency. In other words, foreign exchange exposure is the risk that the firm’s future cash flows will be impacted by a change in the value of the foreign currency in which it has maintained its books of accounts (balance

**5. What is the nature of international capital structure? Describe in detail about the measuring of capital structure and its various factors. 5+5**

**Ans 5.**

**Nature of International Capital Structure:**

The international capital structure refers to the composition of a company's financial resources in terms of equity, debt, and other financing instruments across different countries and currencies. It is influenced by a multitude of factors that vary across borders and can significantly impact a firm's risk profile, cost of capital, and overall financial stability.

One key feature of international capital structures is the diverse range of funding sources

**6. a) Explain transfer pricing mechanism.**

**Ans 6a.**

Transfer pricing refers to the pricing of goods, services, or intangible assets exchanged between different entities within the same multinational corporation (MNC). It is a crucial aspect of international financial management as it involves determining the prices at which

**b) Explain the benefits of FDI. 5+5 10**

**Ans 6b.**

Both the investor and the foreign host country benefit from FDI. These incentives motivate both parties to pursue and permit FDI.

a) **Economic development stimulation:** FDI can stimulate a target country’s economic development and create a more conducive environment for companies, the investor, and