

# Lecture:39 International Capital Budgeting

## Model Questions

1. Write in details the shortcomings of NPV method while evaluating capital budgeting for international project.
2. What are the adjustments needed in NPV for making it suitable for evaluation of international capital budgeting decisions.
3. Inflation in US is 6.50% and that of Euro-zone is 3.75%. The current spot rate is Euro 1= US\$1.26. Expected opportunity cost for the MNC in dollar term is 12%. Evaluate the project if the after tax cash flows are in the following pattern: