

**MASTER OF BUSINESS ADMINISTRATION
THIRD SEMESTER
INTERNATIONAL FINANCIAL MANAGEMENT
MBA-305 C**

Duration: 3 Hrs.

Marks: 70

PART : A (OBJECTIVE) = 20
PART : B (DESCRIPTIVE) = 50

[PART-B : Descriptive]

Duration: 2 Hrs. 40 Mins.

Marks: 50

[Answer question no. One (1) & any four (4) from the rest]

1. Write in brief about -- World Bank, IMF and IFC. (10)
2. Distinguish between translation exposure, transaction exposure and real operating exposure. (10)
3. Explain the different modes of payment in international trade. (10)
4. Elaborate upon the use of INCOTERMS. (10)
5. What do you understand by "working capital"? Discuss the methods of trade financing. (10)
6. Write a note on the Gold Standard. How did Bretton Wood's Agreement replace the Gold Standard? (10)
7. Write a note on centralized verses decentralized cash management. (10)
Or
What are the techniques adopted for natural hedge?
8. Write in brief about (*any two*): (10)
 - a. Draft
 - b. GATT
 - c. Bill of Lading.
 - d. Letter of Credit.

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[PART-A : Objective]

Choose the correct answer from the following:

1×20=20

1. Real operating expenses takes into account:
 - a. Only changes in cash flow.
 - b. Only changes in price level.
 - c. Both the changes in price level and exchange rate.
 - d. None.
2. Lag means:
 - a. Postponing the payment of foreign currency.
 - b. Accelerating the payment of foreign currency.
 - c. Going for a forward contract.
 - d. None of these.
3. Least developed countries get funds:
 - a. Only from IDA.
 - b. Only from IBRD.
 - c. From both IDA and IBRD.
 - d. None of the above.
4. Open account is concerned with:
 - a. Receiving of goods.
 - b. Shipping documents.
 - c. Credit sales to importer.
 - d. None of the above.
5. Translation exposure takes into account:
 - a. Present cash flow.
 - b. Future cash flow.
 - c. Both present and future cash flows.
 - d. None of these.
6. _____helps maintain cash flow.
 - a. Exposure
 - b. Hedge
 - c. Risk-sharing
 - d. Currency swaps
7. The Bretton Woods Agreement was established in:
 - a. 1944
 - b. 1945
 - c. 1943
 - d. 1954
8. A multinational company that is faced with mild interference up to complete confiscation of all assets is encountering _____.
 - a. Translation risk
 - b. Transaction risk
 - c. Political risk
 - d. A very bad day
9. _____is an international financial institution that provides loan to the underdeveloped countries.
 - a. International Monetary Fund
 - b. World Bank
 - c. International Financial Corporation
 - d. International Development Association
10. In the foreign exchange market, the _____of one country is exchanged for the _____of another country.
 - a. Currency; currency
 - b. Currency; financial instrument
 - c. Currency; goods
 - d. Goods; goods
11. _____is a shipping document issued by the carrier.
 - a. Draft
 - b. Letter of Credit
 - c. Bill of Lading
 - d. None of these
12. _____are promissory notes issued for raising short-term funds.
 - a. Euro commercial papers
 - b. Euro notes
 - c. Cocktail Bonds
 - d. Japanese Yen
13. Transaction exposure arises on account of:
 - a. Borrowing and lending.
 - b. Consolidation of financial statements by the parent unit.
 - c. Only borrowing.
 - d. None of these.

14. Exchange rates are:
- Are always fixed.
 - Fluctuate to equate the quantity of foreign exchange demanded with the quantity supplied.
 - Fluctuate to equate imports and exports.
 - Fluctuate to equate rates of interest in various countries.
15. Under Gold Standard:
- a nation's currency can be traded for gold at a fixed rate.
 - a nation's central bank or monetary authority has absolute control over its money supply.
 - new discoveries of gold have no effect on money supply or prices.
 - a & b.
16. Which of the following is not a type of foreign exchange exposure?
- Tax exposure
 - Translation exposure
 - Transaction exposure
 - Economic exposure
17. _____ is an international financial institution which offers concessional loans and grants to the world's poorest developing countries.
- International Development Association
 - World Bank
 - International Monetary Fund
 - None of the above
18. Matching of cash flow means:
- Matching of cash inflow and outflow.
 - Matching of cash inflow from different sources.
 - Matching of cash outflow from different sources.
 - None of these.
19. Pre-shipment credit is meant for:
- Short term
 - Medium term
 - Long term
 - All of the above
20. Letter of credit may be:
- Recoverable
 - Irrecoverable
 - Both
 - None of the above

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UNIVERSITY OF SCIENCE & TECHNOLOGY, MEGHALAYA



[PART (A) : OBJECTIVE]

Duration : 20 Minutes

Serial no. of the
main Answer sheet

Course :

Semester : Roll No :

Enrollment No : Course code :

Course Title :

Session : 2017-18 Date :

Instructions / Guidelines

- The paper contains twenty (20) / ten (10) questions.
- Students shall tick (✓) the correct answer.
- No marks shall be given for overwrite / erasing.
- Students have to submit the Objective Part (Part-A) to the invigilator just after completion of the allotted time from the starting of examination.

Full Marks	Marks Obtained
20	

.....
Scrutinizer's Signature

.....
Examiner's Signature

.....
Invigilator's Signature