

MASTER OF BUSINESS ADMINISTRATION
THIRD SEMESTER [SPECIAL REPEAT]
INTERNATIONAL FINANCE
MBA – 305C

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. The market where long term securities (shares, bonds, etc are bought and sold is called as
 - a. money market
 - b. capital market
 - c. primary market
 - d. secondary market
2. The current system of international finance is a
 - a. gold standard
 - b. fixed exchange rate system
 - c. floating exchange rate system
 - d. managed float exchange rate system
3. The impact of Foreign exchange rate on firm is called as
 - a. Operating Exposure
 - b. Transaction exposure
 - c. Translation exposure
 - d. Business risk
4. A General Agreement on Tariffs and Trade (GATT) accord in 1993 called for:
 - a. Increased trade restrictions outside of North America.
 - b. Lower trade restrictions around the world.
 - c. Uniform environmental standards around the world.
 - d. Uniform worker health laws.
5. If portable disk players made in China are imported into the United States, the Chinese manufacturer is paid with
 - a. international monetary credits
 - b. dollars
 - c. yuan, the Chinese currency
 - d. euros, or any other third currency.
6. Which of the following would likely have the least direct influence on a country's current account?
 - a. inflation
 - b. national income
 - c. exchange rates
 - d. a tax on income earned from foreign stocks
7. The primary component of the current account is the:
 - a. balance of trade
 - b. balance of money market flows
 - c. balance of capital market flows
 - d. unilateral transfers
8. How many members are in the IMF 2020?
 - a. 190 Member Countries
 - b. 182 Member Countries
 - c. 186 Member Countries
 - d. 183 Member Countries

9. US Dollar denominated bond issued in US domestic Market
 - a. Yankee Bond
 - b. Bull dog Bond
 - c. Samurai Bond
 - d. Dual Bond
10. Where is the headquarters of IMF situated?
 - a. Washington, United States
 - b. New York city, United States
 - c. Geneva, Switzerland
 - d. Avenue Du Mont Blanc, Switzerland
11. International Finance Corporation established in
 - a. 1956
 - b. 1960
 - c. 1966
 - d. 1970
12. Covered interest rate parity occurs as the result of:
 - a. the actions of market-makers
 - b. interest rate arbitrage
 - c. purchasing power parity
 - d. stabilizing speculation
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14. Forward premium / differential depends upon
 - a. Currencies fluctuation
 - b. Interest rate differential between two countries
 - c. Demand & supply of two currencies
 - d. Stock market returns
15. A simultaneous purchase and sale of foreign exchange for two different dates is called
 - a. currency devalue
 - b. currency swap
 - c. currency valuation
 - d. currency exchange
16. By definition, currency appreciation occurs when
 - a. the value of all currencies fall relative to gold
 - b. the value of all currencies rise relative to gold
 - c. the value of one currency rises relative to another currency
 - d. the value of one currency falls relative to another currency
17. Difference between buying and selling rates in an exchange rate or interest rate quotation is known as
 - a. Strike price
 - b. Spread
 - c. Swap points
 - d. Spot rate
18. A floating exchange rate
 - a. is determined by the national governments involved
 - b. remains extremely stable over long periods of time
 - c. is determined by the actions of central banks
 - d. is allowed to vary according to market forces
19. The Purchasing Power Parity should hold:
 - a. Under a fixed exchange rate regime
 - b. Under a flexible exchange rate regime
 - c. Under a dirty exchange rate regime
 - d. Always

20. Which of the following may be participants in the foreign exchange markets?
- a. bank and nonbank foreign exchange dealers
 - b. central banks and treasuries
 - c. speculators and arbitragers
 - d. All of the above

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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| 1. What are the types of hedging? Explain. | 10 |
| 2. What are the factors affecting foreign exchange rate? | 10 |
| 3. a) Write a short note on foreign trade policy.
b) Describe the IFRSS in the global context. | 5+5=10 |
| 4. a) Briefly discuss about the concept of FDI.
b) How does the International Monetary Fund function? | 4+6=10 |
| 5. What is foreign exchange risk? Discuss the techniques of foreign exchange risk management. | 2+8=10 |
| 6. a) Critically examine the role of financial manager in international finance.
b) Discuss the concept of Globalization and its impact on Indian financial market. | 5+5=10 |
| 7. a) What is the role of FEMA in currency management?
b) Describe the trade settlement methods. | 4+6=10 |
| 8. Write explanatory notes on <u>any four</u> of the following : | 2.5×4=10 |
| a) FCCB | |
| b) WTO | |
| c) ADR | |
| d) ECB | |
| e) GDR | |

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