

MASTER OF BUSINESS ADMINISTRATION
THIRD SEMESTER
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

- Which one of the following organizations lay stress on liberalization of foreign trade and foreign investment?
 - International Monetary Fund
 - International Labour Organization
 - World Bank
 - World Trade Organization
- Which of the following is true regarding the opening of trade?
 - Choice of goods in the markets rises
 - Producers in the two countries now closely compete against each other even though they are separated by thousands of miles.
 - Foreign trade thus results in connecting the markets or integration of markets in different countries
 - All of the above.
- When did the government remove the barriers for investment in India?
 - 1990
 - 1991
 - 1992
 - 1993
- A major objective of IMF is:
 - Overall promotion of world trade
 - Fixation of values of world currencies
 - Promotion of free trade
 - Promotion of trade policies in certain countries around the world
- Floating exchange rate is determined by:
 - Mutual consultations between countries
 - Banking systems
 - Market forces
 - Government
- Financial derivatives include:
 - Stock
 - Bonds
 - Futures
 - None of the above
- Depreciation of domestic currency leads to rise in:
 - Exports
 - Imports
 - Both a and b
 - Neither a nor b

8. The rate which is determined by the Government is known as:
 - a. Floating exchange rate
 - b. Fixed exchange rate
 - c. Flexible exchange rate
 - d. None of these
9. Which of the following is a reason to hedge a portfolio?
 - a. To increase the probability of gains
 - b. To limit exposure to risk
 - c. To profit from capital gains when interest rates fall
 - d. All of the above
10. International trade and domestic trade differs because of:
 - a. Different Govt. policies
 - b. Trade restrictions
 - c. Both a and b
 - d. None of the above
11. FEMA was introduced in which of the following year?
 - a. 1990
 - b. 1989
 - c. 1999
 - d. 1991
12. Name the two schemes introduced under the foreign trade policy (2015-20):
 - a. Merchandise Export from India Scheme & Services Export from India Scheme
 - b. Services Export from India Scheme & Services Import from India Scheme
 - c. Services Import from India Scheme & Merchandise Export from India Scheme
 - d. Merchandise Import from India Scheme & Services Export from India Scheme
13. Special Economic Zones (SEZs) are being set up to attract:
 - a. foreign tourists
 - b. foreign investment
 - c. foreign goods
 - d. foreign policies
14. Currency swap is a method of: _____.
 - a. Hedging against foreign exchange risk
 - b. Speculating in foreign exchange
 - c. Leverage instrument used by cooperative banks
 - d. Mode of payment in international trade
15. The legal settlement of international trade dispute is:
 - a. Negotiation
 - b. Arbitration
 - c. Litigation
 - d. All of the above
16. Which of the following is not a function of the foreign exchange market?
 - a. Import and export of goods and services
 - b. transfer of purchasing power
 - c. coverage of risk
 - d. provision of credit instruments and credit
17. Speculation in foreign exchange market refers to
 - a. accepting risk to make profits
 - b. hedging
 - c. interest arbitrage
 - d. none of the above

18. Use of various techniques to minimize exchange risk is termed as:
- a. Hedging
 - b. Arbitraging
 - c. Speculation
 - d. Foreign exchange
19. Transaction exposure can be hedged:
- a. by internal methods only
 - b. by external methods only
 - c. either by internal methods or by external methods, but not by both
 - d. either by internal methods or by external methods or a combination of both
20. The aim of accounting standard is to:
- a. Standardize and ensure uniformity of diverse accounting policies
 - b. Lower the accounting dissimilarities
 - c. Ensure the comparability of financial statements
 - 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. a) What are the major principles of WTO based on which it operates? | 5+5=10 |
| b) What is the impact of LPG policy in India? | |
| 2. a) Discuss about the different types of forex and derivatives market. | 8+2=10 |
| b) What is the difference between forex and derivatives market? | |
| 3. Differentiate between the World Bank and the IMF based on their objectives, role and functions. | 10 |
| 4. a) What are the types of foreign exchange rates followed by different countries? | 4+4+2=10 |
| b) What are the factors that influences or determines these exchange rates? | |
| c) What are SEZs? | |
| 5. a) Explain the terms: EPZs and EOUs. | 4+6=10 |
| b) Highlight the key policies of Foreign Trade Policy of India (FTP), 2015-2020? | |
| 6. a) State the role of FEMA. | 2+8=10 |
| b) Describe about the participants of forex market and their functions. | |
| 7. a) Briefly describe the types of risks or exposures in forex market. | 6+4=10 |
| b) What are the functions of forex market? | |
| 8. a) What is IFRS? | 2+8=10 |
| b) Explain the benefits of IFRS? | |

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