

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. Which one of the following organizations lay stress on liberalization of foreign trade and foreign investment?
 - a. International Monetary Fund
 - b. International Labour Organization
 - c. World Bank
 - d. World Trade Organization
2. Which of the following is true regarding the opening of trade?
 - a. Choice of goods in the markets rises
 - b. Producers in the two countries now closely compete against each other even though they are separated by thousands of miles.
 - c. Foreign trade thus results in connecting the markets or integration of markets in different countries
 - d. All of the above.
3. When did the government remove the barriers for investment in India?
 - a. 1990
 - b. 1991
 - c. 1992
 - d. 1993
4. A major objective of IMF is:
 - a. Overall promotion of world trade
 - b. Fixation of values of world currencies
 - c. Promotion of free trade
 - d. Promotion of trade policies in certain countries around the world
5. Floating exchange rate is determined by:
 - a. Mutual consultations between countries
 - b. Banking systems
 - c. Market forces
 - d. Government
6. Financial derivatives include:
 - a. Stock
 - b. Bonds
 - c. Futures
 - d. None of the above
7. Depreciation of domestic currency leads to rise in:
 - a. Exports
 - b. Imports
 - c. Both a and b
 - d. 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]

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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