REV-01
MBA/30/10

2024/11

SET A

MASTER OF BUSINESS ADMINISTRATION
THIRD SEMESTER
INTERNATIONAL FINANCE
MBA – 305C
[USE OMR FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

(Objective)

Time: 20 min. **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 not a function of the International Monetary Fund (IMF)?
   a. Surveillance
   b. Financial assistance
   c. Issuing bonds
   d. Technical assistance.

3. When did the government remove the barriers for investment in India?
   a. 1990
   b. 1991
   c. 1992
   d. 1993

4. Exchange rate risk arises due to fluctuations in:
   a. Interest rates
   b. Foreign exchange rates
   c. Inflation rates
   d. Commodity prices

5. Floating exchange rate is determined by:
   a. Mutual consultations between countries
   b. Banking systems
   c. Market forces
   d. Government

6. Special Drawing Rights (SDRs) are issued by:
   a. World Bank
   b. European Central Bank
   c. IMF
   d. WTO

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/are the main reason(s) to hedge in forex market?
   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. Which of the following is a source of international finance for multinational companies?
   a. Foreign direct investment (FDI)
   b. Equity financing
   c. External commercial borrowing (ECB)
   d. All 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. International Financial Reporting Standards (IFRS) are designed to:
   a. Create local accounting standards
   b. Standardize financial reporting across countries
   c. Regulate banking operations
   d. Promote trade policies

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. Foreign Direct Investment (FDI) is characterized by:
    a. Portfolio investment in a foreign country
    b. Control and ownership in a foreign company
    c. Purchase of government bonds
    d. Currency exchange

18. Use of various techniques to minimize exchange risk is termed as:
    a. Hedging
    b. Arbitraging
    c. Speculation
    d. Foreign exchange

19. The World Bank provides financial assistance primarily for:
    a. Short-term trade financing
    b. Long-term development projects
    c. Forex trading
    d. Private equity investments

20. The Foreign Exchange Risk refers to:
    a. Risk of default by a foreign bank
    b. Risk of adverse exchange rate movements
    c. Risk of economic recession in a foreign country
    d. Risk of inflation

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Descriptive

Time: 2 hr. 40 mins. Marks: 50

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

1. Evaluate the role of the major international economic organizations in the global economy. 10

2. a. Explain the different types of forex market. 6+4=10

   b. What are the major principles of WTO based on which it operates?

3. a. Briefly discuss the role of the WTO in promoting and affecting international trade. 5+5=10

   b. Analyze the impact of the LPG policy on India's integration into the global financial system.

4. a. What are the different types of forex rate systems followed by countries globally along with the factors that influence or determine those exchange rates? 6+2+2=10

   b. Which exchanges rate system does India follow?

   c. What would be the impact of the devaluation of INR?

5. a. Highlight the major policies of the Foreign Trade Policy of India (FTP), 2015-2020. 6+2+2=10

   b. State the benefits of SEZs?

   c. State the role of FEMA.

6. a. What are the different types of foreign exchange risks faced by the MNCs? 5+5=10

   b. What are the hedging strategies to manage these risks?

7. a. State the roles of the participants of the forex market. 5+5=10

   b. Suggest some major sources of international finance for the MNCs.

8. Discuss the significance and implications of adopting IFRS for multinational corporations. 10