Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UPES

End Semester Examination, May 2025

Course: Managing trade and risk in international business **Semester: IV**
Program: BBA Global **Time: 03 hrs.**
Course Code: INTB2002 **Max. Marks: 100**

Instructions:

- Answer all the questions.
- This is a CLOSED-BOOK EXAM.
- Smart watches/ Earbuds / Cellphones / Tablets / Laptops / Books / Notes etc. are STRICTLY NOT allowed**.**

SECTION A
10Qx2M=20Marks

S. No.		**Marks**	**CO**
Q1.	I. **Which of the following is not a component of international trade transactions?** a. Movement of goods b. Movement of documents c. Movement of employees d. Movement of funds II. **The Bretton Woods system collapsed primarily due to:** a. Rise in global oil prices b. Collapse of European economies c. Triffin paradox d. Floating exchange rate introduction III. **Which is not a way to manage currency risk?** a. Forward contracts b. Options c. Invoicing in home currency d. Extending credit without assessment IV. **Confirmed LCs reduce which of the following risks the most?** a. Product Risk b. Country Risk c. Documentary Risk d. Geographical Risk V. **VaR in risk management stands for:** a. Value and Revenue b. Value at Risk c. Variable Average Ratio d. Verified Asset Return		**CO1**

<table>
<tr><td></td><td>VI. A floating exchange rate system allows currencies to be:
a. Fixed by government decree
b. Pegged to the US Dollar
c. Determined by market forces
d. Tied to gold reserves
VII. The term "Three Cs" in international trade risk stands for:
a. Credit, Country, Currency
b. Contract, Customs, Credit
c. Currency, Credit, Cartel
d. Country, Customs, Compliance
VIII. Which of the following is NOT a type of foreign exchange risk?
a. Transaction risk
b. Translation risk
c. Economic risk
d. Inflation risk
IX. Which type of risk arises when the value of a company’s foreign assets changes due to currency fluctuations?
a. Transaction risk
b. Translation risk
c. Economic risk
d. Credit risk
X. Which of the following is a proactive approach to foreign exchange risk management?
a. Ignoring minor fluctuations
b. Hedging with derivatives
c. Waiting for the market to stabilize
d. Relying solely on government regulations</td><td></td><td></td></tr>
<tr><td colspan="4">SECTION B
4Qx5M= 20 Marks</td></tr>
<tr><td>Q2.</td><td>Define risk management and explain its need and reasons for managing risks in business.</td><td></td><td rowspan="4">CO2</td></tr>
<tr><td>Q3.</td><td>Analyze the pros and cons of floating exchange rates for emerging economies.
OR
What is country risk? Provide two examples of how it can affect international trade.</td><td></td></tr>
<tr><td>Q4.</td><td>Define the term 'buyer risk' in international trade and explain how it differs from 'supplier risk'.
OR
Briefly describe the concept of invoicing in a third currency. Why might this be used in international trade?</td><td></td></tr>
<tr><td>Q5.</td><td>List any two ways businesses can reduce environmental risk and explain their relevance.
OR
What is the significance of interest arbitrage in international finance?</td><td></td></tr>
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SECTION-C **3Qx10M=30 Marks**			
Q6.	Trace the evolution from Bimetallism to Flexible Exchange Rates. How did this impact global trade?		**CO3**
Q7.	Discuss the key risks faced by exporters in international trade and explain how these risks can be managed.		
Q8.	Explain the ecosystem of trade finance in India. How do institutions like EXIM Bank and RBI support exporters?		
SECTION-D **2Qx15M= 30 Marks**			
Q9.	How do foreign exchange rate fluctuations affect international trade and investment decisions? Illustrate with examples and discuss tools available for managing such risks.		**CO4**
Q10.	Critically evaluate the various payment and settlement methods used in export finance (e.g., advance payment, LC, open account, documentary collection). What factors influence the choice of each method? **OR** Examine the legal and institutional framework in India for managing export-related risks. How do regulations like FEMA, the Customs Act, and international dispute mechanisms aid Indian exporters?		