



UNIVERSITY OF PETROLEUM & ENERGY STUDIES

Centre: Dehradun

Examination : **End Semester Examination Dec 2018**
Programme & Branch : **BBA FT**
Course Code : **BBAFT118**
Course Title : **International Trade & Finance**

Semester: **V Semester**
Duration: **3 Hours**
Max. Marks: **100**

Section A

Answer all the questions

10 X 4 = 40 Marks

1. What are the differences between domestic and international trade? **[CO1]**
2. Give a brief on International Clearing Union (ICU) and International Stabilization Fund (ISF). **[CO1,2]**
3. Why was Bretton woods system adopted? **[CO2]**
4. Distinguish soft from hard exchange currency convertibility. **[CO3]**
5. Differentiate FDI from FII. **[CO2]**
6. Discuss the two techniques used by firms to manage their global cash resources. **[CO4,5]**
7. What are the reasons for international trade? What is payback rule? What are the advantages and disadvantages of the payback rule? **[CO1,5]**
8. Explain the drivers of international capital market. **[CO3]**
9. What are the tax objectives in global money management? **[CO4]**
10. How should a manufacturing and exporting companies maintain their cash flows? **[CO4]**

Section B

Answer all the questions

2 X 15 = 30 Marks

1. Discuss rupee convertibility of India in detail. What are the advantages and disadvantages of it? **[CO1,3]**
2. Discuss international bond market, international equity market, Euro currency market and foreign exchange market in detail. **[CO1,3]**

Section C

Answer the following question

1 X 30= 30 Marks

1. What is internal rate of return? Discuss the advantages and disadvantages of internal rate of return. What is a mutually exclusive project?
Project A has a cost of \$1500 and cash flows of \$1325, \$1325, \$1200 and \$1500 from 2011 to 2014. Project B has a cost of \$1400 and cash flows of \$1425, \$1225, \$1500 and \$1625 from 2011 to 2014. Compare the NPVs of both the projects at the IRR of 7%, 12 %, 15% and 20%. Measure the incremental cash flows. Find the cross cover rate from the diagram of NPV profiles of both the projects. **[CO4,5]**



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Max. Marks: **100**

Section A

Answer all the questions

10 X 4 = 40 Marks

1. Discuss the IMF lending through purchase and repurchase. **[CO1,3]**
2. What is SDR (Special Drawing Rights)? What is the use of SDR reserve? **[CO3]**
3. Most firms prefer to hold cash balances at a centralized depository. What are the three reasons? **[CO4,5]**
4. Discuss the conventional and unconventional cash flows. **[CO5]**
5. What is capital account convertibility? Why should be capital accounts liberalized? **[CO1,2,3]**
6. Brief international bond market. **[CO3]**
7. Explain bilateral and multilateral netting with examples? **[CO4]**
8. How do you calculate NPV of an entity? **[CO5]**
9. Brief the foreign currency swap. **[CO3]**
10. How do the MNCs manage their cash flow shortages?

Section B

Answer all the questions

2 X 15 = 30 Marks

1. Explain Triffin Dilemma and non-system. What is the role of IMF in international finance? Discuss the IMF lending through purchase and repurchase. **[CO1,3]**
2. While moving money across borders, how do the firms attain the efficiencies and reduce taxes through transferring the liquid funds? Discuss the two techniques used by firms to manage their global cash resources. **[CO4]**

Section C

Answer the following question

1 X 30= 30 Marks

1. What is internal rate of return? Discuss the advantages and disadvantages of internal rate of return. What is a mutually exclusive project?
Project A has a cost of \$2500 and cash flows of \$2325, \$2325, \$2200 and \$2500 from 2011 to 2014. Project B has a cost of \$2400 and cash flows of \$2425, \$2225, \$2500 and \$2625 from 2011 to 2014. Compare the NPVs of both the projects at the IRR of 7%, 12 %, 15% and 20%. Measure the incremental cash flows. Find the cross cover rate from the diagram of NPV profiles of both the projects. **[CO4,5]**