

Name:		
Enrolment No:		
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES		
End Semester Examination, December 2019		
Course: Managing Trade and Risks in International Business		Semester: III
Program: BBA FT		Time: 03 Hours
Course code: BBAFT 102		Max. Marks: 100
Instructions: Answer all the questions		
SECTION A		(10*2=20 Marks)
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1	What is exchange rate risk?	CO1,2
2	Explain the drivers of international capital market.	CO4
3	Explain direct & indirect quotation of exchange rate and the calculation of cross rate with an example.	CO2
4	What is foreign bond?	CO1,2,4
5	What currency swap?	CO2,4
6	Explain use of SDR.	CO2
7	How do you manage liquidity risks?	CO3,4
8	What is buyer's insolvency risk?	CO4
9	Explain the difference between known and unknown risks.	CO3,4
10	What is unilateral transactions?	CO4
SECTION B		(4*5=20 Marks)
1	Discuss 'Beijing Consensus'.	CO1,2
2	How do you measure the interest rate risk using GAP?	CO3,4
3	How firms use currency put options?	CO1,3
4	Explain $BCA+BKA+ORA=0$, $BCA+BKA+ORA<0$ and $BCA+BKA+ORA>0$.	CO3,4
SECTION C		(2*15=30 Marks)
1	Depositors each deposit \$1000 at 10% interest. They can choose to withdraw their funds before collecting interest or keep their funds with the bank. Assume (i) all other depositors keep their funds in the bank and the bank survives and (ii) all other depositors withdraw funds and the bank must liquidate. Explain pay-offs for each decision under the two possible situations and bank run with the help of game theory.	CO2,3,4
2	Discuss the different types of foreign exchange transactions in detail.	CO3,4
SECTION D		(3*10=30 Marks)

1	What are the risks involved in international trade through various international methods of payment? Explain their advantages and disadvantages in detail.	CO2,3,4
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