


Name:	 UPES <small>UNIVERSITY OF TOMORROW</small>
Enrolment No:	

UPES
End Semester Examination, December 2023

Course: International Finance Management **Semester: III**
Program: MBA_IB **Time : 03 hrs.**
Course Code: FINC8003 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	<ol style="list-style-type: none"> 1. How does a multinational corporation use the concept of diversification in international financial management? <ol style="list-style-type: none"> a) By investing in a single industry b) By concentrating all operations in one country c) By spreading operations across multiple countries and currencies d) By avoiding currency exchange altogether 2. In the context of international financial management, what does the term "exchange rate risk" refer to? <ol style="list-style-type: none"> a) The risk of interest rate fluctuations b) The risk of changes in commodity prices c) The risk of adverse movements in exchange rates d) The risk associated with changes in inflation rates 3. What is a key characteristic of globalization in the economic context? <ol style="list-style-type: none"> a) Increased barriers to trade b) Localization of production c) Reduction of international economic integration d) Interconnectedness of economies 4. In addition to providing financial assistance, what role does the IMF play in member countries? <ol style="list-style-type: none"> a) Conducting military interventions b) Monitoring economic policies and providing policy advice c) Regulating global energy markets d) Facilitating diplomatic negotiations 5. A trade surplus occurs when: <ol style="list-style-type: none"> a) Exports exceed imports. b) Imports exceed exports. 	2 * 10	CO1

	<p>c) There is no trade between countries. d) The current account is zero.</p> <p>6. In a direct quotation, which currency is the base currency? a) The first currency b) The second currency c) Both currencies are equal d) It varies</p> <p>7. Under the FCRA, what constitutes a "foreign contribution"? a) Only monetary donations b) Any donation or grant received from a foreign source c) In-kind contributions only d) Contributions from foreign governments only</p> <p>8. Under FEMA, who has the authority to regulate and control foreign exchange transactions in India? a) Ministry of Finance b) Reserve Bank of India (RBI) c) Ministry of External Affairs d) Securities and Exchange Board of India (SEBI)</p> <p>9. In the context of banking, what does the term "money market" refer to? a) The market for buying and selling currencies b) The market for short-term, highly liquid financial instruments c) The market for long-term government bonds d) The market for real estate transactions</p> <p>10. What is the primary tool used by central banks to influence short-term interest rates? a) Reserve requirements b) Open market operations c) Discount rate d) Fiscal policy</p>		
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SECTION B
4Qx5M= 20 Marks

Q 2.	What does FCRA regulate, and who does it apply to?	5	CO1
Q 3.	Illustrate the factors that contribute to changes in the BOP	5	CO2
Q 4.	Explain how bid and ask rates are used to determine the exchange rate for a currency pair.	5	CO2
Q 5.	Explain the significance of the Eurocurrency market in facilitating international trade and finance.	5	CO2

SECTION-C
3Qx10M=30 Marks

Q 6.	What are the potential challenges and benefits associated with pegging a currency to another currency or a basket of currencies?	10	CO3
Q 7.	How does FEDAI contribute to the development and regulation of the foreign exchange market in India?	10	CO2
Q 8.	Analyze the impact of online payment platforms on traditional banking services and what challenges do they pose to financial institutions?	10	CO4

SECTION-D
2Qx15M= 30 Marks

Q 9.	Bombay on London is quoted as follows:		15	CO4
	Spot	£ 8.6430 8.6475		
	1 Month	1.5 2.0 pm		
	2 Month	1.75 2.25 pm		
	3 Month	2.25 2.75 pm		
Calculate 1 month, 2 month and 3-month forward rates				
Q 10.	<p>Examine why it is important for the IMF to balance the need for policy reforms with the socio-economic impacts of its interventions to ensure that they promote sustainable and inclusive economic growth.</p> <p align="center">Or</p> <p>Incorporate your knowledge of FEMA (Foreign Exchange Management Act) to assess the impact of changes in foreign exchange rates on an Indian company engaged in international trade. Discuss how FEMA provides guidelines and regulations for managing foreign exchange risk and the tools available for hedging against currency fluctuations.</p>		15	CO4