

**P.G.D.I.F.A. (Sem.-II) Examination**  
**Paper VII : International Financial Management**  
**May-2017**

Time : 3 Hours]

[Max. Marks : 100

**Instructions: All the questions are compulsory. Internal Options are given.**  
**Figures in the bracket indicate marks.**

- Q # 1 (A) What is Balance of Payments? What are the major components balance of payments accounts? Discuss (7)
- Q # 1 (B) Write a short note on Classical Gold Standard (7)
- OR**
- Q # 1 (A) What is flexible Exchange rate system? Explain its benefits (7)
- Q # 1 (B) Discuss how is international financial management different from domestic financial management (7)
- Q # 2 (A) Write a short note on Euro currency market (7)
- Q # 2 (B) Explain the Direct and indirect Quotations used in foreign exchange market (7)
- OR**
- Q # 2 (A) Who are the major participants in a foreign exchange market? How do the operations of the central bank affect the exchange rate in the market? (7)
- Q # 2 (B) Discuss the major reasons of banks going for international banking operations. (7)
- Q # 3 (A) Briefly define each of the major types of international bonds, noting their distinguishing characteristics (7)
- Q # 3 (B) What is letter of credit? Discuss any three types. (7)
- OR**
- Q # 3 (A) Discuss the role of Export Import Bank of India in promoting foreign trade. (7)
- Q # 3 (B) Describe the differences between foreign bonds and Eurobonds. Also discuss why Eurobonds make up the lion's share of the international bond market (7)
- Q # 4 (A) Discuss the role of International Monetary Fund in the world. (7)
- Q # 4 (B) Putting yourself in the position of an MNC finance manager, list out the major steps that you would take to evaluate the financial feasibility of an overseas project. (7)
- OR**
- Q # 4 (A) What is World bank? Discuss its purposes (7)
- Q # 4 (B) What are the specific considerations that an MNC must consider while formulating its working capital management policy? (7)
- Q # 5 **Attempt the following MCQs:** (14)
- (1) Which of the following institutions cannot be included in the international financial and monetary system?  
a. WTO    b. IMF    c. World bank    d. Bank for international settlement
- (2) SDR system is given by:  
a. IDA    b. IBRD    c. ADB    d. IMF
- (3) MIGA is a part of  
a. IMF group    b. Political union    c. UNO affiliates    d. world bank group
- (4) A primary result of the Bretton Woods Agreement was:  
A. the establishment of the European Monetary System (EMS).  
B. establishing specific rules for when tariffs and quotas could be imposed by governments  
C. establishing that exchange rates of most major currencies were to be allowed to fluctuate 1% above or below their initially set values  
D. establishing that exchange rates of most major currencies were to be allowed to fluctuate freely without boundaries

(P.T.O)

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- (5) Eurodollars are deposits of U.S. dollars in banks  
A. located inside of United States      B. located outside of the United States  
C. located both inside and outside of United States      D. None of the Above
- (6) LIBOR means  
A. London international banking offer rate  
B. London international bond offer rate  
C. London Interbank Offered rate  
D. London international banking exchange rate
- (7) Bearer bonds indicate  
A. less interest rate      B. zero coupon rate  
C. name of owner is printed      D. Possession is an evidence of ownership
- (8) ADR means  
A. American Depository Receipt      B. American Direct Rate  
C. Asian Depository Receipt      D. Asian Direct Rate
- (9) The acronym SWIFT stands for—  
A. Safety width In financial transactions  
B. Society for Worldwide International Financial Telecommunication  
C. Society for Worldwide Interbank Financial Telecommunication  
D. Safety for Worldwide International Financial Telecommunication
- (10) In foreign exchange markets, “American Quotation” refers to:  
A) Quotation by a US based bank  
B) Quotation in New York exchange market  
C) Quotation in which the value of foreign currency is expressed per US\$  
D) Quotation in which the value of US\$ is expressed per unit of foreign currency
- (11) The balance of payments accounts does not include the  
A) Reserve account      B) Capital account  
C) Current account.      D) bullion account
- (12) Which of the following organizations in the World Bank family lends money to private companies?  
a. International Bank for Reconstruction and Development  
b. International Development Association  
c. International Finance Corporation  
d. International Center for Settlement of Investment Disputes
- (13) The Acronym stands for—  
A. Clearing House Interbank Payment System  
B. Central House for international Payment System  
C. Clearing House for International Payments System  
D. None of the above
- (14) A Eurodollar is:  
A. A currency issued by the World Bank and pegged to the US dollar  
B. Another name for a Special Drawing Right (SDR)  
C. A dollar draft issued by the Bank for International Settlements (BIS) in Switzerland  
D. A dollar bank deposit in a bank outside of the United States
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