2705E437

Candidate's Seat No :________

PGDIFA Sem.-2 Examination

Paper-7

International Financial Management

May-2024

Time : 2-30 Hours] **[Max. Marks : 70**

Q-1 Discuss about the origin of international monetary system. **(12)**

OR

Q-1 Explain with example the assessment of international monetary system of any country. **(12)**

OR

Q-1 Analyze the Bretton Woods Agreement, including its background, key features, and the reasons for its eventual collapse in the early 1970s. **(12)**

Q-2 Explain popular models for forecasting exchange rate. **(12)**

OR

Q-2 Explain and Illustrate the following terms: **(ANY TWO)** **(12)**
(1) Direct Quote and Indirect Quote (2) Home Currency and Foreign Currency
(3) Appreciation and Depreciation of Currency

OR

Q-2 Evaluate the impact of offshore financial markets on global finance and investment. Discuss the benefits and risks associated with offshore banking. **(12)**

Q-3 Write a detailed note on International Money Market.

OR **(12)**

Q-3 Define World Bank. Describe the different purposes for which World Bank is set up. **(12)**

Q-4 Explain different types of Letter of Credit used in financing foreign trade. **(12)**

OR

Q-4 Explain different modes of payment in foreign trade. **(12)**

Q-5 Examine the challenges and risks associated with global economic interdependence. How do economic shocks and environmental concerns impact interconnected economies? Provide relevant examples. **(12)**

OR

Q-5 Critically assess the transformation from GATT to the WTO. Discuss the reasons for this transition and the expanded scope of the WTO in regulating global trade. **(12)**

Q-6 Multiple Choice Questions **(10)**

1 While analysing Balance of Payments, $(m - m_1)$ signifies
 a. Net Import Effect
 b. Net Export Effect
 c. Net Capital Outflows
 d. Net Capital Inflows

2 The Eurocurrency market is the________ banking market.
 a. Offshore
 b. Onshore
 c. Regulated
 d. Unregulated

3 Theoretically, foreign exchange exposure is the result of the _______ between the actual change in the exchange rate and the anticipated change.
 a. Addition
 b. Multiplication
 c. Difference
 d. Division

4 The potential changes in all future ______ of a firm resulting from unanticipated changes in the exchange rates are referred to as economic exposure.
 a. Monetary Assets
 b. Monetary Liabilities
 c. Cash Flows
 d. Reserves

(P.T.O)

E437-2

5 _______ are credits granted by a group of banks to a borrower.

a. Parallel Loans
b. Syndicate Loans
c. Commercial Borrowings
d. External Commercial Borrowings

6 Who extend loans and equity investments for the economic and social development of its Developing Member Countries (DMCS)?

a. International Finance Corporation
b. The Asian Development Bank
c. International Development Association
d. World bank

7 In context of Financing foreign trade through letter of credit, who is a beneficiary?

a. Importer
b. Advising Bank
c. Issuing Bank
d. Exporter

8 Under which technique or method, the initial cash flow consists of capital cost of the project minus blocked funds, if any, in the host country activated by the project.

a. Net Present Value
b. Profitability Index
c. Payback Period
d. Adjusted Present Value

9. What is one of the key drivers of global economic interdependence according to the document?

A. Isolationism B. Protectionism C. Globalization D. Autarky

10. Which principle requires countries to treat all WTO member nations equally regarding trade tariffs and conditions?

a. National Treatment
b. Most-Favored-Nation (MFN) Treatment
c. Reciprocity
d. Trade Liberalization