

Exam Date & Time: 26-Sep-2020 (02:00 PM - 05:30 PM)



PSG COLLEGE OF ARTS AND SCIENCE

Note: Writing 3hrs: Checking & Inserting Image : 30mins

MCom(IB) DEGREE EXAMINATION MAY 2020
(Fourth Semester)

Branch - INTERNATIONAL BUSINESS

INTERNATIONAL FINANCIAL MARKETS AND INSTRUMENTS [18MIB21]

Marks: 75

Duration: 210 mins.

SECTION A

Answer all the questions.

- 1) Expand ADR.
 - (i) American Digital Rate
 - (ii) American Dollar Rate
 - (iii) American Depository Receipt
 - (iv) American Dividend Rate

(1)

- 2) Multinational corporations raise funds for their long term requirements from
 - (i) International Money Markets
 - (ii) International Capital Markets
 - (iii) International Bond Markets
 - (iv) International Commodity Markets

(1)

- 3) Foreign bonds issued in Japan are known as
 - (i) Bull dog bonds
 - (ii) Dragon bonds
 - (iii) Yankee bonds
 - (iv) Samurai bonds

(1)

- 4) In 1944 international accord is recognized as
 - (i) Bretton Wood Agreement
 - (ii) Exchange Agreement
 - (iii) International Trade
 - (iv) Fisher Effect

(1)

- 5) Simultaneous purchase and sale of foreign exchange for two different dates is known as
- (i) Currency devalue
 - (ii) Currency swap (1)
 - (iii) Currency valuation
 - (iv) Currency exchange
- 6) If a company agreement today for several future date of real currency exchange, they use
- (i) Spot rate
 - (ii) Future rate (1)
 - (iii) Swap rate
 - (iv) Forward rate
- 7) Headquarters of Asian clearing union is located at
- (i) New York
 - (ii) New Delhi (1)
 - (iii) Tehran
 - (iv) Dubai
- 8) SWIFT stands for
- (i) Society for Worldwide Interbank Financial Telecommunication
 - (ii) Society for Worldwide International Financial Telecommunication (1)
 - (iii) Society for Worldwide Interbank Financial Transmission
 - (iv) Society for Worldwide Interbank Financial Transfer
- 9) The _____ states that exchange rates between any two currencies will adjust to reflect changes in the price levels of two countries.
- (i) Law of one price
 - (ii) Theory of purchasing power parity (1)
 - (iii) Theory of money neutrality
 - (iv) Quantity theory of money
- 10) Purchasing currency with low price from one market and selling the same with high price in other market is called (1)
- (i) Arbitration
 - (ii) Speculation

(iii) Derivatives

(iv) Forward transaction

SECTION B

Answer all the questions.

- 11) Explain the methods of raising funds in International Financial Markets. (7)
- a)
[OR] State the importance of FDI in developing money markets. (7)
b)
- 12) Sketch the nature and instruments of International Money Markets. (7)
- a)
[OR] Discuss the functions of World Bank. (7)
b)
- 13) Explain the meaning, history & functions of derivative market. (7)
- a)
[OR] Compare the options with future markets. (7)
b)
- 14) Write a note on International cash management and its functions. (7)
- a)
[OR] Analyse the significance of International Transfer Pricing. (7)
b)
- 15) Illustrate the current scenario of Euro currency market. (7)
- a)
[OR] Describe the Purchasing Power Parity [PPP] theory. (7)
b)

SECTION C

Answer 3 out of 5 questions.

- 16) Criticize the Interest Rate Parity theory with suitable illustration. (10)
- 17) Discuss the salient features of International Capital Market instruments. (10)
- 18) Analyze the review of International monetary system. (10)
- 19) Evaluate the impact of Covid-19 (corona virus) in Global Financial Market. (10)
- 20) Summarise the various considerations that enter into the decision to choose the currency, market and vehicle for long term finance requirements. (10)