

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY BBA(FS), Semester V Semester End Assessment November 2023

BFS CC 16: INTERNATIONAL FINANCE AND FOREIGN EXCHANGE MARKET

Duration: 2 Hrs.

Maximum Marks: 60

Instructions:

- 1) *Start each question on a fresh page.*
- 2) *Figures to the right indicate maximum marks.*
- 3) *Q. 1 is compulsory.*
- 4) *Answer any four from Q.2 to Q.6.*

Q.1. Write short note on ANY FIVE of the following:

(05*04=20 Marks)

- a) The balance of payments of a country is the difference between all money flowing into the country in a particular period of time (e.g., a quarter or a year) and the outflow of money to the rest of the world. List and explain any four methods to correct deficits in the balance of payment.
- b) "If the bond market does not function, then no other market functions, really," says Ben Emons of Medley Global Advisors. Explain any 5 types of bonds traded in the international bond market.
- c) The gold standard was the basis for the international monetary system from the 1870s to the early 1920s, and from the late 1920s to 1932 as well as from 1944 until 1971. During this period the Gold Standard helped improve international trade and commerce. Elaborate.
- d) The World Bank with the help of institutions under it is among the world's leading development institutions with a mission to fight poverty and improve living standards for people in the developing world. Discuss the institutions under the World Bank.
- e) Best Buy is an American chain of high-end retail stores and is planning to expand its business to India. Explain which are the different FDI routes Best Buy can take to enter the Indian market.

- f) Differentiate between ADR and GDR on the basis of
- i. To whom it is issued
 - ii. Denomination
 - iii. Where it is listed
 - iv. Mode of expression

Q2) China is considering investing in Indonesia's market through Foreign Portfolio Investment (FPI). Elucidate which factors China will consider before making an investment in a foreign country's market. **(10 marks)**

Q3) The Regional Development Banks (RDBs) are multilateral financial institutions that provide financial and technical assistance for development in low- and middle-income countries within their regions. Enumerate some important RDBs that have played a vital role in enhancing the development of that particular region. **(10 marks)**

Q4) The foreign exchange market, also known as the forex market is a global marketplace for trading in currencies with an average daily trading volume of \$6.6 trillion. Discuss the various types of transactions in the forex market. **(10 marks)**

Q5) The Nepali currency is pegged(fixed) to the Indian rupee, Japan's currency, the Japanese Yen is a floating currency, and the Malaysian currency, the Malaysian Ringgit is a managed floating currency. Explain what is the difference between the three types of currencies. **(10 marks)**

Q6) Global trade and business are continuously growing in the post-pandemic world. Trade and commerce are not restricted by geopolitical boundaries anymore. Financial markets play a vital role in financial trade today. Illustrate the functions of International Financial Markets. **(10 marks)**