

June 2014

**Bachelor of Business Administration (BBA) Examination
VI Semester**

International Finance

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. Briefly identify the difference between IMF and World Bank. What are Special Drawing Rights? Why were they created?
2. What is Balance of Payment? Is current account deficit favourable or unfavourable for a developing economy? Explain.
3. How does Heckscher Ohlin Theory of International Trade describe the trade between nations? What do you understand by "Protectionism"?
4. Briefly explain the factors that affect exchange rates.
5. Describe the major participants in the foreign exchange market. What is the role of each one?
6. Write short notes on any two of the following :
 - (a) ADRs and GDRs.
 - (b) ECBs.
 - (c) Commercial Papers.
7. Explain Fixed and Flexible Exchange Rates. Give advantages and disadvantages of both.

Section B

8. A customer requested a bank to remit 5,00,000. AUD to Perth for payment of goods imported under an irrevocable LC. The inter- bank market rates were as follows :

Bombay USD / INR : 54.5050 / 90

Sydney EUR / USD : 1.3045 / 75

EUR / AUD : 1.2650 / 85

The bank wishes to retain a margin of 0.125%. How much should the bank quote? How many Rs. will the customer be required to pay?

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