UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, May 2021

Course: International Finance **Course Code: CLNL1039**

Programme: B.B.A.LL.B **Time: 03 hrs.**

Semester: II **Max. Marks: 100**

SECTION A

1. Each Question will carry 5 Marks

2. Instruction: Fill in the blanks

S. No.	Questions	Marks	CO
1	What is the role of BIS in forex markets?	5	CO2
2	What is ADR and GDR ?	5	CO1
3	What are direct quotes and indirect quotes of exchange rates? Give examples. Or What are Spot rates and Forward rates? Give examples.	5	CO1
4.	Define arbitrage in Forex markets.	5	CO2
5	Explain the importance of international finance.	5	CO4
6	What is (FII) Foreign Institutional Investment?	5	CO1
SECTION B **1. Each question will carry 10 marks** **2. Instruction: Write short / brief notes**			
7	Define Foreign Direct Investment. Explain the Product Life cycle Theory of FDI and its advantages.	10	CO2
8	Write a note on the various risks in forex markets.	10	CO1
9	What role does the international financial institutions play in Forex markets? Explain role of two such important institutions.	10	CO3

	OR How WTO has helped in promotion of free trade. Discuss the role of any two regional trade blocks.		
10	What is fixed and flexible exchange rate system? What was the reason of collapse of Gold System?	**10**	**CO2**
11	What is Balance of payments? Mention its key components and how disequilibrium affects entire economy.	**10**	**CO3**
Section C **1. Each Question carries 20 Marks.** **2. Instruction: Write long answer.**			
12.	a) Explain the PPP – Purchasing Power Parity Theory for exchange rate determination and how inflationary pressure changes the exchange rates. b) The inflation rates in the UK & India are 2.5% & 5.5% respectively. If the exchange rate at time zero, is INR 79/pd, find out the expected exchange rate a year later. Also calculate its percentage rate of appreciation/depreciation in INR. Show step wise calculations.	**10+10**	**CO4**