



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Eighth Semester – 2019

Paper: International Business & Finance

Course Code: COMM-410 Part – I (Compulsory)

Time: 15 Min. Marks: 10

Roll No. in Fig.

Roll No. in Words.

Signature of Supdt.:

ATTEMPT THIS PAPER ON THIS QUESTION SHEET ONLY.

Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the correct option.

(10x1=10)

- i.** Bonds that are denominated in the currency of the country where they are placed but issued by borrowers foreign to the country are called?
 - a) Parallel bonds
 - b) Eurobonds
 - c) Foreign bonds
 - d) a & c
- ii.** A _____ option grants the holder the right to buy a specific currency at a specific price within a specific period of time.
 - a) Currency Put
 - b) Futures contract
 - c) Forward contract
 - d) Currency Call
- iii.** _____ measures the value of one currency in units of another currency?
 - a) Bid/Ask Spread
 - b) Exchange Rate
 - c) PPP
 - d) Income level
- iv.** If in a country inflation is high relating to a foreign country then what will happen
 - a) Domestic imports increases
 - b) Domestic exports decreases
 - c) Foreign imports increases
 - d) a & b
- v.** Exchange rate that is either held constant or allowed to fluctuate only within very narrow boundaries is referred to as
 - a) Freely floating exchange rate
 - b) Managed float
 - c) Fixed exchange rate
 - d) None of the above
- vi.** The trend away from distinct national economic unit and toward one huge global market is known as
 - a) Internationalization
 - b) Economic integration
 - c) Globalization
 - d) Privatization

P.T.O.

- vii.** When pressures are high for local responsiveness, but low for cost reductions, a _____ makes sense
- a) Global standardization strategy
 - b) International strategy
 - c) Transnational strategy
 - d) Localization strategy
- viii.** A union referred to elimination of trade barriers among members and adopts a common external trade policy is
- a) Free trade area
 - b) Common market
 - c) Customs union
 - d) Economic union
- ix.** When inflationary impact is deducted from nominal interest rate, this effect would be
- a) Combined equilibrium theory
 - b) Purchasing power theory
 - c) Leontief paradox
 - d) Fisher Effect
- x.** If a company agreement today for future date of customized quantity of currency exchange. they will be building use of
- a) Stock Rate
 - b) Forward Rate
 - c) Forward Rate
 - d) Future Rate



ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q2. Give short answers.

(10 X 2=20)

- i. Briefly explain counter trade
- ii. What do you know about pegged exchange rate system
- iii. What is forecasting error
- iv. Define Heckscher_Ohlin theory
- v. Define INCOTERMS (international commercial terms)
- vi. Briefly explain forward market
- vii. Briefly explain international money market
- viii. Why international money market is needed in a country
- ix. List down any five benefits of economic integration
- x. Briefly explain CPEC (China Pakistan Economic Corridor)

Q3. Attempt all the following question.

(10 X 3=30)

- i. Discuss with examples the strategies of doing international business
- ii. What are the different types of financial markets? How these markets meet financial needs of various stakeholders?
- iii. Discuss factors that influence the exchange rate.