

**Sheth TJ Education Society's  
Sheth NKTT College of Commerce & JTT College of Arts**

**Name:** Farheen G. Shaikh

**Subject:** International Finance

**Class:** TYBMS Sem VI

**Q1] Multiple Choice Questions.**

1. A floating exchange rate\_\_\_\_\_
  - a. is determined by the national governments involved
  - b. remains extremely stable over long periods of time
  - c. is determined by the actions of central banks
  - d. is allowed to vary according to market forces
2. The current system of international finance is a\_\_\_\_\_
  - a. gold standard
  - b. fixed exchange rate system
  - c. floating exchange rate system
  - d. managed float exchange rate system
3. \_\_\_\_\_ is the act of trading different currencies.
  - a. Foreign exchange
  - b. Arbitrage
  - c. Foreign Trade
  - d. Exports
4. In a floating exchange rate system, the market clears itself through a mechanism.
  - a. Government
  - b. Quantity
  - c. Price
  - d. Quality
5. In a \_\_\_\_\_ exchange rate system the government or central bankers intervene to keep the exchange rate virtually fixed (or pegged).
  - a. Floating
  - b. Fixed
  - c. Free
  - d. Semi fixed

6. The exchange-rate system that best characterizes the present international monetary arrangement used by industrialized countries is:
  - a. Freely fluctuating exchange rates
  - b. Adjustable pegged exchange rates
  - c. Managed floating exchange rates
  - d. Pegged or fixed exchange rates
7. Which exchange-rate system does not require monetary reserves for official exchange-rate intervention?
  - a. Floating exchange rates
  - b. Pegged exchange rates
  - c. Managed floating exchange rates
  - d. Dual exchange rates
8. \_\_\_\_\_ is Issued locally by a domestic borrower usually denominated in the local currency.
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global
9. A Japanese company issuing bonds in Yen Currency in Japan is an example of \_\_\_\_\_
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global Bonds
10. \_\_\_\_\_ is issued in a local market by a foreign borrower - Usually denominated in the local currency.
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global Bonds
11. A Japanese company issuing US-dollar denominated bonds in the US market is example of:
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global Bonds

12. Placed mainly in countries other than the one in whose currency the bond is denominated.
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global Bonds
13. A Japanese company issuing Yen denominated bond in the market is example of \_\_\_\_
  - a. Domestic bonds
  - b. Foreign bonds
  - c. Eurobonds
  - d. Global Bonds
14. The main risk associated with domestic bonds is the risk of \_\_\_\_
  - a. bankruptcy
  - b. Obsolescence
  - c. Exchange
  - d. Credit
15. Straight fixed-rate Eurobonds are typically bearer bonds and pay coupon interest\_\_\_\_
  - a. Annually
  - b. Half yearly
  - c. quarterly
  - d. Monthly
16. Which of the following are foreign bonds?
  - a. Samurai bonds
  - b. Bulldog bonds
  - c. Yankee Bonds
  - d. All of the above,
17. Which of the following are Euro bonds?
  - a. Straight Eurobonds
  - b. Floating rate bond notes
  - c. Zero-coupon bonds
  - d. All of the above.
18. 1) \_\_\_\_\_are instruments issued by registered foreign institutional investors (FII) to overseas investors, who wish to invest in the Indian stock markets without registering themselves with the market regulator, SEBI.

- a. Participatory notes
  - b. Eurobonds
  - c. FCCB
  - d. FCEB
19. A \_\_\_\_\_ is the smallest unit by a currency quotations can change.
- a. Price interest point
  - b. Arbitrage
  - c. Capital gain
  - d. Equal
20. Holgate principle states that premium on base currency is always\_\_\_\_\_ whereas the discount on base currency is always\_\_\_\_\_ from the spot rate to arrive at the corresponding forward rate
- a. Added, subtracted
  - b. Subtracted, Added
  - c. Divided, added
  - d. Subtracted divided
21. If the bid points are higher (than the ask points), the spot rate has to be made to find the forward rate.
- a. Lower
  - b. Higher
  - c. Greater
  - d. Smaller
22. If the bid points are lower (than the ask points), the spot rate has to be made \_\_\_\_\_ to arrive at the forward bid-ask rates.
- a. High
  - b. Low
  - c. Small
  - d. No effect
23. Bid-ask spreads of the forward rate is always\_\_\_\_\_ than the spot bid-ask spread.
- a. Greater
  - b. Lower
  - c. Equal to
  - d. High
24. Sum of the bid-ask spreads of the spot rate and forward points should \_\_\_\_\_ the bid-ask spread of the forward rate
- a. Equal

- b. Less than equal to
  - c. Greater than
  - d. Smaller than
25. This rate denotes the number of units of a currency a bank is willing to pay when it buys another currency is called\_\_\_\_\_
- a. Bid rate
  - b. Ask rate
  - c. Mid rate
  - d. Spread
26. This rate denotes the number of units of a currency a bank will want to be paid when it sells a currency is called \_\_\_\_\_
- a. Ask rate
  - b. Bid rate
  - c. Mid rate
  - d. Spread
27. Price of foreign currency in terms of national currency is \_\_\_\_quote.
- a. Direct
  - b. Indirect
  - c. Cross currency
  - d. Spread
28. The risk of an exchange rate changing between the transaction date and the subsequent settlement date is called \_\_\_\_\_
- a. Economic
  - b. Translation
  - c. Transaction
  - d. None of the above
29. When a country experiences\_\_\_\_\_ its interest rates are likely to fall.
- a. Boom
  - b. Depression
  - c. Recession
  - d. None of the above
30. \_\_\_\_\_is a financial risk that exists when a financial transactions is denominated in a currency other than that of a base currency of the company.
- a. Trade Risk
  - b. Foreign Exchange Risk

- c. Exchange Risk
  - d. All of the above
31. \_\_\_\_\_ is where you can buy and sell a currency, at a fixed future date for a pre-determined rate.
- a. Forward Market
  - b. Domestic Market
  - c. Currency Market
  - d. Options Market
32. The process through which the treasurers try to reduce/eliminate the loss that may result from an adverse movement of foreign exchange rates \_\_\_\_\_
- a. Foreign exchange risk management
  - b. Currency risk management
  - c. Arbitrage
  - d. None of these
33. The risk that a government may default on its debt obligation \_\_\_\_\_
- a. Political risk
  - b. Sovereign risk
  - c. Transfer risk
  - d. Transaction risk
34. Trade between companies in two different countries is called as \_\_\_\_\_
- a. Domestic
  - b. International trade
  - c. Business
  - d. non of the above
35. \_\_\_\_\_ Play an important role in strengthen the banking sector.
- a. Federal Bank
  - b. Domestic banks
  - c. Central Banks.
  - d. Inter-banks
36. The process of recording of transactions through the utilization of processing power computer.
- a. Accounting
  - b. Posting
  - c. Mining
  - d. None of the above

37. The first and the most popular virtual currency which can be stored in E-Wallet\_\_\_\_\_
- Bitcoin
  - Altcoin
  - Ethereum
  - None of the above
38. Alternative virtual currency which is similar in functioning as Bitcoin \_\_\_\_\_
- Gold coin
  - Altcoin
  - Ritzcoin
  - None of the above
39. The first virtual currency which was released for smooth peer to peer transaction \_\_\_\_\_
- Bitcoin
  - Altcoin
  - Ethereum
  - None of the above
40. The crypto transactions are verified by network nodes and recorded in a public distributed ledger called as \_\_\_\_\_
- Mine
  - Blockchain
  - Cryptograph
  - None of the above
41. The electronic payment system through which forex remittances are made is \_\_\_\_\_
- Chips
  - Chaps
  - Infinet
42. \_\_\_\_\_ is an NRI Account that can be opened by depositing foreign currency in the account.
- NRO
  - NRE
  - FCNR
43. \_\_\_\_\_is a rupee denominated NRI A/C.
- NRE
  - NRO

- c. FCNR
44. \_\_\_\_\_are fixed deposit NRI A/C.
- a. NRE
  - b. NRO
  - c. FCNR
45. Pre-shipment finance is also called as\_\_\_\_\_credit.
- a. term loan
  - b. post shipment
  - c. Packing
46. Assurance given by the importer's bank about the financial credibility of the borrower is called as\_\_\_\_\_
- a. Letter of credit
  - b. Guarantee
  - c. Letter of Intent
47. Undertaking given by the importer's bank to make payment to exporter's bank on default of the importer is called as \_\_\_\_\_
- a. L/C
  - b. Guarantee
  - c. letter of intent
48. A Letter of Credit that can be used for multiple transactions where the credit limit is not fixed is a\_\_\_\_\_
- a. Revolving
  - b. Transferable
  - c. Revocable
49. A Letter of Credit which cannot be modified unless the exporter consents is called as \_\_\_\_\_ L/C.
- a. Non revolving
  - b. Non revocable
  - c. Non transferable
50. Generally, the loan syndication fees ranges between \_\_\_\_\_ of the loan principal.
- a. 5% to 10%
  - b. 15% to 20%
  - c. 1% to 5 %
  - d. None4 of the above