

TYBMS INTERNATIONAL FINANCE

1. In most of the forex market --- is the vehicle currency
 - A. Dollar
 - B. Rupee
 - C. YEN
 - D. Riyal

2. India is facing continuous deficit in its balance of payments. In the foreign exchange market rupee is expected to
 - A. Depreciate.
 - B. Appreciate.
 - C. Show no specific tendency.
 - D. Depreciate against currencies of the countries with positive balance of payment and appreciate against countries with negative balance of payment.

3. The exchange exposure that does not lead to changes in cash flow is
 - A. transaction exposure
 - B. translation exposure
 - C. Economic exposure
 - D. Tax exposure

4. Money market hedging is also called as
 - A. cross hedging
 - B. spot market hedging
 - C. forward market hedging
 - D. hedging with options

5. Under fixed exchange rate system, the currency rate in the market is maintained through
 - A. official intervention
 - B. rationing of foreign exchange
 - C. centralizing all foreign exchange operations with central bank of the country
 - D. Cross rates

6. The largest foreign exchange market in the world is
 - A. New York
 - B. London

C. Japan

D. Swiss

7. The transaction in which the exchange of currencies takes place at the current date, is known as a

A. swap transaction

B. Spot transaction

C. future transaction

D. non-deliverable forwards

8. The authorized dealers under FEMA are classified into

A. two categories

B. three categories

C. four categories

D. five categories

9. Foreign exchange market is considered 24 hours market because

A. it is open all through the day

B. all transactions are to be settled within 24 hours

C. due to geographical dispersal at least one market is active at any point of time

D. minimum 24 hours must lapse before any transaction is settled

10. GBP/AUR 1.0045-65 as AUR/ GBP is

A. 0.9874- 0.9914

B. 0.9935-0.9955

C.0.9925-0.9915

D.0.9875-0.9910

11. ----- is a component of BOP

A. Current account

B. Purchase account

C. Sales account

D. Debt account

12. Full fledged money changers are authorized to undertake

A. only sales transactions

- B. only purchase transactions
- C. all types of foreign exchange transactions
- D. purchase and sales of foreign currency notes, coins and travellers cheques

13. The acronym SWIFT stands for –

- A. Safety Width in Financial Transactions
- B. Society for Worldwide International Financial Telecommunication
- C. Society for Worldwide Interbank Financial Telecommunication
- D. Swift Worldwide Information for Financial Transactions

14 The term Loro account means

- A. my account with you.
- B. our account with you
- C. your account with us.
- D. their account with you

15. Speculation in foreign exchange market refers to

- A. does not result to loss
- B. may result to loss
- C. is similar to hedging
- D. selling with a view to making riskless profits.

16. Arbitrageur in a foreign exchange market

- A. buys when the currency is low and sells when it is high
- B. buys and sells simultaneously the currency with a view to making riskless profit
- C. sells the currency when he has a receivable in future
- D. buys or sells to make advantage of market imperfections

17 A transaction in which the currencies to be exchanged the next day of the transaction is known as

- A. ready transaction
- B. value today
- C. spot transactions
- D. Value tomorrow

18. If USD/INR 65.9985- 05 ,then % spread is Ask

- A.0.0003%
- B. 0.0300%
- C. 0.0030%
- D. 0.0033%

19. The system of fixed peg where adjustments in exchange rates are made periodically is

- A. crawling peg.
- B. crawling band.
- C. horizontal band.
- D. independently floating.

20. Under fixed peg arrangement of currency regime

- A. domestic currency cannot fluctuate in the market from the official rate
- B. domestic currency can fluctuate in the market within narrow band of 1%
- C. currency issue is decided by the currency board.
- D. the country pegging its currency should maintain account with the country to whose currency its currency is pegged