

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

Mid Semester Examination (Online) – Oct, 2020

Program: BBA (FT)
Subject/Course: International Trade & Finance
Course Code: INTB3003

Semester: V
Max. Marks: 100
Duration: 3 Hours

S.No.	Questions	Marks	COs
	SECTION A (6*5= 30 Marks)		
	1. Each Question will carry 5 Marks 2. Instruction: Complete the statement / Select the correct answer(s)		
1.	WTO came into existence in: a) 1 January 1995 b) 1 April 1946 c) 26 January 1995 d) 15 November 1976		CO2
2.	The second phase of GATT was in the period of a) 1986-1994 b) before 1947 c) 1959-1979 d) None		CO2
3.	----- presented Dunkel draft in December 1990. a) John Dunkel b) Arthur Dunkel c) Charles Dunkel d) All are correct		CO3
4.	The headquarters of Asian Development Bank was established in a) United Nations b) United Kingdom c) Manila d) Switzerland		CO3
5.	Agencies of World Bank group are: a) International Bank for reconstruction and development (IBRD); b) International Monetary Fund (IMF); c) International Development Association (IDA); and d) International Finance Corporation (IFC) Select which option is correct i) a, c, d ii) a, b, c iii) b, c, d iv) a, b, d		CO2
6.	Types of loans offered under IDA are: a) Term and Insurance Loans b) short term and long term loans c) Gold and Investment loans d) Investment and Development Policy loans		CO1
	Section B (5*10= 50 Marks)		
	1. Each question will carry 10 marks 2. Instruction: Write short / brief notes		
1.	Critically discuss the difference between spot and forward pricing with the suitable examples under foreign exchange market.		CO3
2.	Explain the concept of rupee convertibility especially in the reference of Indian economy. Why are Indian rupees not fully convertible yet?		CO3

3.	Enumerate the main modes of payment for international trade transactions.		CO1																														
4.	Distinguish between: a) Net Present Value and Internal Rate of Return b) Profitability Index and Payback Period		CO4																														
5.	Why there was need to brought GATT and WTO to enhance multilateral regulation of trade. Discuss in detail.		CO2																														
Section C (1*20)= 20 Marks 1. Each Question carries 20 Marks. 2. Instruction: Do not use any Table as the require values are already given																																	
1.	<p>Machine A costs Rs. 1,00,000 payable immediately. Machine B costs Rs. 1,20,000 half payable immediately and half payable in one year's time. The cash receipts expected are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Year (at end)</th> <th style="width: 35%;">Machine A (INR)</th> <th style="width: 35%;">Machine B (INR)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20,000</td> <td>-</td> </tr> <tr> <td>2</td> <td>60,000</td> <td>60000</td> </tr> <tr> <td>3</td> <td>40,000</td> <td>60000</td> </tr> <tr> <td>4</td> <td>30,000</td> <td>80000</td> </tr> <tr> <td>5</td> <td>20,000</td> <td>-</td> </tr> </tbody> </table> <p>At 7% opportunity cost, which machine should be selected on the basis of NPV? (Given, $PVF_{7\%}$ for five years are, 0.935, 0.873, 0.816, 0.763, 0.713)</p> <p style="text-align: center;">OR</p> <p>A company is considering a new project for which the investment data are as follows: Capital outlay Rs. 2,00,000 Depreciation 20% p.a. Forecasted annual income before charging depreciation, but after all other charges are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Year</th> <th style="width: 60%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,00,000</td> </tr> <tr> <td>2</td> <td>100,000</td> </tr> <tr> <td>3</td> <td>80,000</td> </tr> <tr> <td>4</td> <td>80,000</td> </tr> <tr> <td>5</td> <td>40,000</td> </tr> </tbody> </table> <p>On the basis of the available data, set out calculations, illustrating and comparing the following methods of evaluating the return: a) Payback method b) Rate of return on original investment</p>	Year (at end)	Machine A (INR)	Machine B (INR)	1	20,000	-	2	60,000	60000	3	40,000	60000	4	30,000	80000	5	20,000	-	Year	Rs.	1	1,00,000	2	100,000	3	80,000	4	80,000	5	40,000	20	CO4
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