

Maharshi Dayanand College of Arts, Science and Commerce

Parel

TYBBI SEMESTER V Subject: International Banking and Finance

MCQs

- 1) International Bank for Reconstruction and Development (IBRD) is popularly known as:
 - a) Central Bank of the country
 - b) International Monetary
 - c) World Bank
 - d) Banker's Banker
- 2) Which one of the following institutions has not taken birth during Bretton Woods system?
 - a) General Agreement on Trade and Tariff
 - b) International Bank for Reconstruction and Development
 - c) International Monetary Fund
 - d) World Trade Organisation.
- 3) The Bretton Woods Agreement established the International Bank for Reconstruction and Development (IBRD) to _____.
 - a) To monitor foreign exchange rates
 - b) Lend Currency reserves
 - c) To make loans available to developing countries
 - d) None of the above
- 4) This institution is responsible for converting barter system into monetary system.
 - a) World Bank
 - b) Reserve Bank of India
 - c) International Monetary fund
 - d) Bank for International Settlements
- 5) IMF was established in Bretton Woods Conference for the purpose of:
 - a) To promote exchange rate stability
 - b) To establish multilateral system of payment
 - c) To provide short term loans to member countries to overcome BOP crisis.
 - d) To give financial support
- 6) International Bank for Reconstruction and Development was established for the purpose of:
 - a) To assist in reconstruction and Development of nations by encouraging capital investment
 - b) To promote private foreign investment.
 - c) To promote growth of international trade and maintenance of equilibrium in BOP.
 - d) To promote public foreign investment.
- 7) International Banks facilitate:
 - a) Cross Border Trade and Services
 - b) Cross Border Investments
 - c) Cross Border Lending and Borrowing
 - d) Cross Border buying
- 8) Which one of the following is not the function of the International bank?
 - a) Maintaining accounts of NRI
 - b) To provide finance to Importers and Exporters
 - c) To provide finance in foreign currencies
 - d) To grant loan
- 9) Which one of the following factor has not influenced emergence of International Banking?

- a) Rise of Bretton Woods System
 - b) Emergence of Euros
 - c) Liberalisation, privatisation and Globalisation & integration of world economies.
 - d) Devaluation
- 10) Due to devastating effect of World War-II each and every country was facing with recession and adopted:
- a) Liberalisation, privatisation and globalisation
 - b) Protectionist approach
 - c) Integration with world economy
 - d) Encouragement of international trade
- 11) Bretton Woods system is also popularly known as:
- a) Floating Exchange Rate System
 - b) Fixed Exchange Rate System
 - c) Adjustable Peg System
 - d) Rigid Exchange Rate System
- 12) Under Adjustable peg system member countries were required to fix par value of their currencies in terms of:
- a) Only in terms of Gold
 - b) Only in terms of Silver
 - c) Either in terms of gold or in terms of US Dollar.
 - d) Only in terms of US Dollar
- 13) Under 'Adjustable Peg System' the par value of dollar was fixed at:
- a) USD-35 per ounce of Gold.
 - b) USD-35 per ounce of Silver
 - c) USD-35 per ounce of Platinum
 - d) USD-15 per ounce of Gold.
- 14) The member countries agreed to maintain the exchange rates for their currency within a band of:
- a) Plus or minus one percent.
 - b) Plus or minus two percent.
 - c) Plus or minus Three percent.
 - d) Plus or minus Five percent.
- 15) Under Bretton Wood System, currency of each country was made convertible for:
- a) Trade and Service-related transactions
 - b) Cross border capital flow
 - c) Cross border lending and borrowing
 - d) Cross border investments.
- 16) OPEC stands for:
- a) Organization of the Petroleum Exporting Countries
 - b) Organization of oil producing and Exporting Countries
 - c) Organization of the Petroleum Export Council
 - d) Organization of the People working in Exporting Countries
- 17) Balance of payment records _____ transactions of the country with outsiders.
- a) Bilateral
 - b) Unilateral
 - c) Economic
 - d) Social
- 18) For balance of payments statistics, visible trade refers to trade in _____
- a) Imports and exports of goods/commodities.
 - b) Imports and exports of services
 - c) Imports and exports of Capital
 - d) Commodity Smuggling
- 19) Where the exports of commodities from a country exceeds its import of commodities, it results in _____ balance of trade.
- a) unfavourable/negative/deficit
 - b) Favourable/Positive/Surplus
 - c) Equality of BOP
 - d) None of the above

- 20) The BOT is the systematic procedure for measuring inflow and outflow of foreign exchange of a particular country with rest of the world from:
- Cross border trade and service-related transactions
 - Cross border tangible trade related transactions
 - Cross border intangible service-related transactions
 - None of the above.
- 21) Balance of payments of a country includes:
- Current account
 - Monetary account
 - Capital account
 - All of above
- 22) Exchange rate for currencies is determined by supply and demand in system of:
- Fixed exchange rate
 - Flexible
 - Constant
 - Govt. regulated
- 23) Invisible items in balance of payments include:
- Foreign remittances
 - Income from tourists
 - Internet charges
 - All of the above
- 24) Invisible items in balance of payments include:
- Foreign remittances
 - Income from tourists
 - Internet charges
 - All of the above
- 25) India is having:
- Positive BOT
 - Negative BOT
 - At par BOT
 - All of the above
- MCQs on NRI Banking
- 26) Which of the following account/accounts cannot be maintained in Indian rupees by NRIs ?
- Foreign Currency Non-Resident Account (FCNR)
 - Non-Resident External Rupee Account (NRE)
 - Non-Resident Ordinary Rupee Account (NRO)
 - All of the above
- 27) NRO accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts for the income earned in India by the NRI's , What is the full form of NRO account ?
- Non-Resident Ordinary Rupee Account
 - Non-Resident Order Rupee Account
 - Non-Residual Ordinary Rupee Account
 - Non-Residing Ordinary Rate Account
- 28) FCNR (B) account can be opened and maintained in foreign currency by NRI's , what is the full form of FCNR(B) Account?
- Fixed capital Non-resident (Bank) Accounts
 - Foreign currency Non-resident (Bank) Accounts
 - Fixed Currency Non-Resident (Bank) Account
 - Foreign Capital Non-Resident (Bank) Account

- 29) What is the maximum remittance / transfers per financial year can be done through NRO accounts?
- USD 10 million
 - Rs.1 million
 - USD 1million
 - Rs.10 million
- 30) NRE accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts for the income earned in Foreign countries by the NRI's , What is the full form of NRE account ?
- Non-Residual External Rupee Account
 - Non-Resident Extra Rupee Account
 - Non-Resident External Rupee Account
 - Non-Resident External Rate Account
- 31) Which of the following account is partially repatriable?
- Foreign Currency Non-Resident Account (FCNR)
 - Non-Resident External Rupee Account (NRE)
 - Non-Resident Ordinary Rupee Account (NRO)
 - IDRs
- 32) Which of the following account is subject to Tax Deduction at Source?
- Foreign Currency Non-Resident Account (FCNR)
 - Non-Resident External Rupee Account (NRE)
 - Non-Resident Ordinary Rupee Account (NRO)
 - GDRs
- 33) FCNR (B) account can be opened by NRI's in the form of fixed deposits only , What is the minimum and maximum term ?
- Minimum period of 1 year and maximum period of 5 year
 - Minimum period of 1 year and maximum period of 3 year
 - Minimum period of 3 year and maximum period of 10 year
 - Minimum period of 1 year and maximum period of 10 year
- 34) Interest rates on FCNR(B) deposits in India regulated by RBI based on LIBOR , What is the full form of LIBOR ?
- London Inter-bank Offer Rate
 - London Inter-bank Official Rate
 - London International Bank Offered Rate
 - London Inter Bank Offered Rate.
- 35) Which of the following account can be opened only in the form of Term Deposit Account?
- Foreign Currency Non-Resident Account (FCNR)
 - Non-Resident External Rupee Account (NRE)
 - Non-Resident Ordinary Rupee Account (NRO)
 - FCCBs

MCQs on Export Finance

- 36) Export Finance is a :
- Short Term finance
 - Medium Term Finance
 - Long Term finance
 - All of the above
- 37) Export finance is a :
- Working Capital Finance
 - Term Loan finance
 - Combination of working capital and Term Loan finance
 - None of the above
- 38) Normally, Export finance is a:
- Fund Based Finance
 - Non-fund-based finance

- c) Fund based as well as Non-fund based finance
 - d) None of the above
- 39) Which are the stages of Export finance?
- a) Preliminary stage and Secondary stage
 - b) Easy Finance stage and Difficult finance stage
 - c) Pre-shipment finance stage and post-shipment finance stage
 - d) Direct Finance stage and Indirect Finance stage.
- 40) It is the finance from the date of order till the date of shipment:
- a) Pre-shipment finance
 - b) Post shipment finance
 - c) Direct Finance
 - d) Indirect finance
- 41) It is the finance from the date of shipment till the date of payment of export bil at overseas centre.
- a) Pre-shipment finance
 - b) Post shipment finance
 - c) Direct Finance
 - d) Indirect finance
- 42) Pre-shipment finance is popularly known as:
- a) Packing Credit Limit
 - b) Post-shipment credit
 - c) Finance against Export incentives
 - d) All of the above
- 43) Export finance is provided on the basis of:
- a) Confirmed export order or Letter of Credit in favour of exporter
 - b) Expected export order or Letter of Credit in favour of exporter
 - c) Preparedness of the exporter for export.
 - d) Mindset of the exporter.
- 44) Pre-shipment finance is provided for the purpose of:
- a) Procurement of Raw-material for manufacturing purpose
 - b) Processing of Semi-finished goods
 - c) Preservation of goods for export purpose
 - d) All of the above
- 45) Post-shipment finance is popularly referred as:
- a) Post-shipment Loan
 - b) Post-shipment advance
 - c) Bill finance or Book-Debt Finance
 - d) Performance Appraisal finance
- 46) Packing Credit is:
- a) An advance for packing goods for export
 - b) Advance for exporter
 - c) Pre-shipment finance for export
 - d) Advance for Importer
- 47) Which of the following is not eligible for packing credit?
- a) Merchant Exporter
 - b) Deemed Exporter
 - c) Sub-supplier to manufacturer exporter
 - d) Supplier to sub-supplier to manufacturer exporter
- 48) "Running Account Facility is available to:
- a) Status Holder Exporters only
 - b) Export for Specified goods
 - c) Exporters with good track record.
 - d) Exporters with order over Rs.100 Crore.
- 49) The amount of packing credit should not normally exceed:
- a) CIF value of the Order
 - b) FOB Value of the order
 - c) The local cost of manufacturing
 - d) The cost of manufacturing or FOB cost whichever is lower.
- 50) The advantage to the exporter enjoying Running Account facility is:

- a) A submission of export order or LC is completely waived.
 - b) There is no restriction on period of finance
 - c) The submission of export order LC is waived temporarily and exporter needs to submit it within reasonable time.
 - d) The rate of interest is low.
- 51) A pre-shipment advance is not expected to be adjusted by:
- a) A proceeds of export bill
 - b) Export incentives
 - c) Post-shipment finance
 - d) Local funds.
- MCQs on Import Letter of Credit
- 52) All documentary Letters of Credit are governed by articles of
- a) URC Publication No.522
 - b) UCPDC Publication No.600
 - c) FEDAI Rules
 - d) FEMA 1999
- 53) Import LC is always issued on behalf of:
- a) Importer or buyer
 - b) Exporter or Beneficiary
 - c) Importer's Bank
 - d) Exporter's bank
- 54) Import LC is always issued in favour of:
- a) Importer or buyer
 - b) Exporter or Beneficiary
 - c) Importer's Bank
 - d) Exporter's bank
- 55) Import LC is a:
- a) Fund-based facility provided by the bank
 - b) Non-Fund-based facility provided by the bank
 - c) Fee-based facility provided by the bank
 - d) None of the above
- 56) For opening the LC, LC opening bank requires:
- a) Proforma Invoice of the seller
 - b) Confirm sale Contract between buyer and seller
 - c) Samples of the commodity to be imported.
 - d) Quality Control of goods
- 57) In Letter of Credit transaction, all the parties deal in:
- a) Shipment of goods
 - b) Timely shipments of goods
 - c) Documents strictly as per terms and conditions of the LC.
 - d) Track record of buyer and seller
- 58) While issuing LC, LC issuing bank:
- a) Ensures that commodity of import is permitted by DGFT
 - b) Ensures that there is no violation of FEMA.
 - c) Ensures that terms of LC are as per provisions of UCPDC
 - d) All of the above
- 59) Uniform Customs and Practices for Documentary Credit (UCPDC) is a publication of
- :
- a) Reserve Bank of India
 - b) World Bank
 - c) International Monetary Fund
 - d) International Chamber of Commerce
- 60) Letter of credit gives assurance of payment to:
- a) Importer
 - b) Exporter
 - c) Importer's Bank
 - d) All of the above
- 61) The LC which can not be cancelled or amended without consent of all the concerned parties is referred as:

- a) Revocable LC
 - b) Irrevocable LC
 - c) Payment LC
 - d) Sight LC
- 62) The LC which can be cancelled or amended without consent of all the concerned parties is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Payment LC
 - d) Sight LC
- 63) When seller is entitled for payment immediately upon submission of documents, then LC is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Usance LC
 - d) Sight LC
- 64) When seller is entitled for payment after expiry of credit period, then LC is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Usance LC
 - d) Sight LC
- 65) Transferable LC is demanded by:
- a) Manufacturing Exporter
 - b) Merchant Exporter
 - c) Sub-supplier of the goods
 - d) All of the above
- 66) As per UCPDC responsibility of the Advising Bank is:
- a) To make payment to the seller
 - b) To verify and certify the authenticity of the LC
 - c) To advise the exporter about the risk in international trade
 - d) All of the above
- 67) Pre-shipment credit in Foreign Currency (PCFC) is linked to ___ interest rates
- a) SBAR
 - b) MIBOR
 - c) LIBOR
 - d) Bank Rate
- 68) When in a Letter of Credit Pre-shipment Advance is permitted to the exporter, then such letter of Credits is referred as:
- a) Red Clause Letter of Credit
 - b) Green Clause Letter of Credit
 - c) Black Clause Letter of Credit
 - d) Confirmed letter of credit
- MCQs on International Capital Market
- 69) Which one is not correct about International Capital markets?
- a) International Capital Markets are isolated markets
 - b) International Capital Markets are closely integrated with each other
 - c) International capital market always discounts the future.
 - d) International capital markets are global and dynamic in nature
- 70) Which one of the following is not the instrument of International Capital Market?
- a) Debt Instrument
 - b) Non-Debt Instrument
 - c) Hybrid Instruments
 - d) Cost effective instrument
- 71) A Non-USA company issuing USD denominated bonds in US market, listed and traded on USA exchanges are referred as:

- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 72) A Non-Japanese company issuing Yen denominated bonds in Japan market, listed and traded on Japanese exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 73) A Non-UK company issuing Pound denominated bonds in UK market, listed and traded on UK exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 74) A Non-Australian company issuing AUD denominated bonds in Australian market, listed and traded on Australian exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 75) Foreign Bonds are always issued by:
- a) Resident Companies in Home country
 - b) Non-Resident Companies in foreign Market
 - c) European Companies in European market
 - d) American companies in USA market
- 76) Foreign Bonds are always issued in:
- a) The currency of the country where they are issued
 - b) In the currency of country of issuing companies
 - c) In the currency other than the currency of neither the host or home country.
 - d) None of the above
- 77) A eurocurrency is:
- a) A bank deposit in a non-European currency held in Europe
 - b) A bank deposit held in a currency other than the currency of host country.
 - c) A bank deposit in a European currency held outside of Europe.
 - d) A currency of the European Union.
- 78) Syndicated loan is a loan: -
- a) a group of lenders collectively extend a loan to a single borrower
 - b) a lender extends a loan to group of borrowers
 - c) a loan made by a single lender to a single borrower
 - d) a group of lenders collectively extend a loan to group of borrowers
- 79) It is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares of a foreign company's stock.
- a) American Depository Receipt
 - b) Global Depository Receipt
 - c) Foreign Bonds
 - d) Euro Bonds
- 80) ADR/GDR can be issued:
- a) only by listed companies
 - b) by listed or unlisted companies
 - c) only by companies listed on BSE
 - d) none of the above
- 81) GDR means:

- a) Geographically Developed Region
- b) Gross Domestic Ratio
- c) Global Depository Receipt
- d) Global Development Range

MCQs on Foreign Exchange Management Act-1999

82) FEMA deals with: -

- a) Cross Border Payment and Settlement
- b) What can be imported what cannot be
- c) What can be exported what cannot be
- d) All of the above

83) FEMA deals with: -

- a) Inflow and outflow of foreign Exchange
- b) What can be imported what cannot be
- c) What can be exported what cannot be
- d) All of the above

84) Under FEMA, the Reserve Bank of India has been authorised to make _____ to carry out the provisions of the Act.

- a) Rules
- b) Regulations
- c) Both rules and regulations
- d) Notifications.

85) Foreign exchange transactions involve monetary transactions

- a) Among residents of the same country.
- b) Between residents of two countries only.
- c) Between residents of two or more countries.
- d) Among residents of at least three countries.

86) Which of the following statements is true:

- a) Foreign exchange leads to foreign trade.
- b) Foreign trade leads to foreign exchange.
- c) No foreign exchange is involved in foreign trade.
- d) There is no link between foreign trade and foreign exchange.

87) A foreign currency account maintained by a bank abroad is its

- a) Nostro account.
- b) Vostro account.
- c) Loro account.
- d) Foreign bank account.

88) 'Non-resident Bank Accounts' refer to

- a) Nostro accounts.
- b) Vostro accounts.
- c) Accounts opened in offshore centres
- d) Bistro account.

89) The number of nostro accounts that can be maintained by a bank in a particular currency is

- a) One.

- b) Not exceeding three.
 - c) Minimum two
 - d) No such limit.
- 90) Non-resident bank accounts are maintained in
- a) Permitted currencies.
 - b) Currency of the country of the bank maintaining the account.
 - c) Currencies in which FCNR accounts are permitted to be maintained.
 - d) Indian rupee.
- 91) The statutory basis for administration of foreign exchange in India is
- a) Foreign Exchange Regulation Act, 1973
 - b) Conservation of Foreign Exchange and Prevention of Smuggling Act.
 - c) Foreign Exchange Management Act, 1999.
 - d) Exchange Control Manual.
- 92) The acronym FEDAI stands for
- a) Foreign Exchange Dealers' Association of India.
 - b) Federal Export Dealers' Association of India.
 - c) Fixed Earners' Draft Agreement on Interest.
 - d) None of the above.
- 93) In India the rates of charges for foreign exchange business to be recovered by banks from their customers are determined by
- a) Reserve Bank of India
 - b) FEDAI.
 - c) FEDAI in consultation with IBA.
 - d) Bank concerned.
- 94) An authorised person under FEMA does not include
- a) an authorised dealer.
 - b) an authorised money changer.
 - c) an off-shore banking unit.
 - d) an exchange brokers.
- 95) FEDAI rules do not cover
- a) hours of business of foreign exchange market.
 - b) interest for late settlement interbank dealings.
 - c) forward contracts with customers.
 - d) Futures contract.
- MCQs on Forex Market and Exchange Rates
- 96) The reduction in the value of a currency due to market forces is known as:-
- a) Appreciation
 - b) Depreciation
 - c) Sometimes Appreciation and Sometimes Depreciation
 - d) None of the above
- 97) The purchase or sale of foreign exchange by the central bank of the country to influence the exchange rate is known as:

- a) Official intervention
 - b) Official Appreciation
 - c) Official Depreciation
 - d) Trading in foreign exchange
- 98) Paper currency was used for internal use and gold was used for international settlement under..... standard.
- a) Gold Bullion
 - b) Gold Specie
 - c) Gold Parity
 - d) None of the above
- 99) The anchor currency used in the original scheme of IMF was:-
- a) USD
 - b) Euro
 - c) Pound Sterling
 - d) Japanese Yen
- 100) The fall of IMF system was predicted by..... paradox.
- a) Tiffin
 - b) Lunch
 - c) Dinner
 - d) Nexas
- 101) The term 'snake in the tunnel' refers to..... agreement.
- a) Smith Sonian
 - b) Sonian Smith
 - c) Nixon Shock
 - d) IMF intervention
- 102) The system of fixed peg where adjustments in exchange rates are made periodically is a..... peg.
- a) Crawling
 - b) Adjustable
 - c) Positive
 - d) Negative
- 103) The market forces influencing the exchange rate are not fully operational under
- a) floating exchange rate system.
 - b) speculative attack on the market.
 - c) fixed exchange rate system.
 - d) current regulations of IMF.
- 104) 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 the narrow band of $\pm 1\%$.
 - 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.
- 105) According to classification by IMF, the currency system of India falls under
- a) Managed floating.
 - b) independently floating.
 - c) crawling peg.
 - d) pegged to basket of currencies.
- 106) Under fixed exchange rate system, the currency rate in the market is maintained through
- a) Official intervention.
 - b) Rationing of foreign exchange.
 - c) Centralising all foreign exchange operations with central bank of the country.
 - d) None of the above.
- 107) Under fixed exchange rate system, fall in the value of domestic currency due to deficit in balance of payments resulted in
- a) Depreciation of the currency.
 - b) Devaluation of the currency.

- c) Depreciation of the currency.
 - d) No change in the exchange rate normally.
- 108) Under the original scheme of IMF, each country was to maintain the value of its currency
- a) Within a margin of 1% of the par value.
 - b) Within a margin of 2.5% of the par value.
 - c) Not more than 1% below the par value.
 - d) Exactly at the par value.
- 109) Under the original scheme of IMF, a member country had to obtain the permission of IMF for
- a) Any devaluation of its currency.
 - b) Any devaluation or revaluation of its currency.
 - c) Devaluation of its currency at a time exceeding 10%.
 - d) Devaluation of its currency exceeding cumulatively 10%.
- 110) At present the role of IMF in the exchange rate policies of its members is to
- a) Prohibit floating rate.
 - b) Have surveillance and express opinion on policies.
 - c) Restrict the exchange fluctuations within a band.
 - d) No restriction
- 111) The Currency Board arrangement refers to a system where
- a) Currency is issued by a group of banks.
 - b) The quantum of currency issued is limited to the extent of the foreign exchange reserves of the country.
 - c) There is no central bank of the country.
 - d) Currency of single country
- 112) Pegging the value of a currency can be done by
- a) Pegging to a gold bullion
 - b) Pegging to a single currency.
 - c) Pegging to SDR.
 - d) Pegging to IDR.
- 113) Convertibility of a currency is indicated by its
- a) Conversion at market rates.
 - b) Conversion at market rates, but subject to quantity restriction by government.
 - c) Conversion at market rate without any quantitative restriction by government.
 - d) Conversion at official rate.

Set 2

- 114) International Bank for Reconstruction and Development was established for the purpose of:
- a) To assist in demerger of nations by encouraging capital investment
 - b) To promote public foreign investment.
 - c) To promote growth of international trade and maintenance of equilibrium in BOP.
 - d) To disinvest shares
- 115) International Banks facilitate:
- a) Cross Border Trade and Services
 - b) Internal Border Investments
 - c) Cross Border Commodity
 - d) Disequilibrium
- 116) Which one of the following is not the function of the International bank?
- a) Maintaining accounts of NRI
 - b) To provide finance to Importers and Exporters
 - c) To provide finance in foreign currencies

- d) To provide feedback on international securities
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 - Protectionist approach
 - Integration with world economy
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 - Favourable/Positive/Surplus
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- Pre-shipment finance
 - Post shipment finance
 - Direct Finance

- d) Indirect finance
- 126) It is the finance from the date of shipment till the date of payment of export bill at overseas centre.
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 - d) Exporter's bank
- 131) Import LC is always issued in favour of:
 - a) Importer or buyer
 - b) Exporter or Beneficiary
 - c) Importer's Bank
 - d) Exporter's bank
- 132) A Non-USA company issuing USD denominated bonds in US market, listed and traded on USA exchanges are referred as:
 - a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 133) A Non-Japanese company issuing Yen denominated bonds in Japan market, listed and traded on Japanese exchanges are referred as:
 - a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 134) It is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares of a foreign company's stock.
 - a) American Depository Receipt
 - b) Global Depository Receipt
 - c) Foreign Bonds
 - d) Euro Bonds
- 135) FEMA deals with: -
 - a) Inflow and outflow of foreign Exchange
 - b) What can be imported what cannot be
 - c) What can be exported what cannot be
 - d) All of the above
- 136) The reduction in the value of a currency due to market forces is known as:-
 - a) Appreciation

- b) Depreciation
 - c) Sometimes Appreciation and Sometimes Depreciation
 - d) None of the above
- 137) The anchor currency used in the original scheme of IMF was:-
- a) USD
 - b) Euro
 - c) Pound Sterling
 - d) Japanese Yen

Set 3

- 138) Uniform Customs and Practices for Documentary Credit (UCPDC) is a publication of :
- a) Reserve Bank of India
 - b) World Bank
 - c) International Monetary Fund
 - d) International Chamber of Commerce
- 139) Letter of credit gives assurance of payment to:
- a) Importer
 - b) Exporter
 - c) Importer's Bank
 - d) Depository bank
- 140) The LC which can not be cancelled or amended without consent of all the concerned parties is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Payment LC
 - d) Sight LC
- 141) The LC which can be cancelled or amended without consent of all the concerned parties is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Payment LC
 - d) Sight LC
- 142) When seller is entitled for payment immediately upon submission of documents, then LC is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Usance LC
 - d) Sight LC
- 143) When seller is entitled for payment after expiry of credit period, then LC is referred as:
- a) Revocable LC
 - b) Irrevocable LC
 - c) Usance LC
 - d) Sight LC
- 144) Which one is not correct about International Capital markets?
- a) International Capital Markets are isolated markets
 - b) International Capital Markets are closely integrated with each other
 - c) International capital market always discounts the future.
 - d) International capital markets are global and dynamic in nature
- 145) Which one of the following is not the instrument of International Capital Market?
- a) Debt Instrument
 - b) Non-Debt Instrument
 - c) Hybrid Instruments
 - d) Cost effective instrument
- 146) A Non-USA company issuing USD denominated bonds in US market, listed and traded on USA exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds

- d) Kangaroo Bonds
- 147) A Non-Japanese company issuing Yen denominated bonds in Japan market, listed and traded on Japanese exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 148) A Non-UK company issuing Pound denominated bonds in UK market, listed and traded on UK exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 149) A Non-Australian company issuing AUD denominated bonds in Australian market, listed and traded on Australian exchanges are referred as:
- a) Yankee Bonds
 - b) Samurai Bonds
 - c) Bull Dog Bonds
 - d) Kangaroo Bonds
- 150) Foreign Bonds are always issued by:
- a) Resident Companies in Home country
 - b) Non-Resident Companies in foreign Market
 - c) European Companies in European market
 - d) American companies in USA market
- 151) It is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares of a foreign company's stock.
- a) American Depository Receipt
 - b) Global Depository Receipt
 - c) Foreign Bonds
 - d) Euro Bonds
- 152) ADR/GDR can be issued:
- a) only by listed companies
 - b) by listed or unlisted companies
 - c) only by companies listed on BSE
 - d) No listing
- 153) GDR means:
- a) Geographically Developed Region
 - b) Gross Domestic Ratio
 - c) Global Depository Receipt
 - d) Global Development Range
- 154) FEMA deals with: -
- a) Cross Border Payment and Settlement
 - b) What can be imported what cannot be
 - c) What can be exported what cannot be
 - d) No guidance
- 155) FEMA deals with: -
- a) Inflow and outflow of foreign Exchange
 - b) What can be imported what cannot be
 - c) What can be exported what cannot be
 - d) Outflow of Foreign fund
- 156) Which of the following statements is true:
- a) Foreign exchange leads to foreign trade.

- b) Foreign trade leads to foreign exchange.
 - c) No foreign exchange is involved in foreign trade.
 - d) There is no link between foreign trade and foreign exchange.
- 157) A foreign currency account maintained by a bank abroad is its
- a) Nostro account.
 - b) Vostro account.
 - c) Loro account.
 - d) Foreign bank account.
- 158) 'Non-resident Bank Accounts' refer to
- a) Nostro accounts.
 - b) Vostro accounts.
 - c) Accounts opened in offshore centres
 - d) Current account
- 159) The reduction in the value of a currency due to market forces is known as:-
- a) Appreciation
 - b) Depreciation
 - c) Sometimes Appreciation and Sometimes Depreciation
 - d) None of the above
- 160) The purchase or sale of foreign exchange by the central bank of the country to influence the exchange rate is known as:
- a) Official intervention
 - b) Official Appreciation
 - c) Official Depreciation
 - d) Trading in foreign exchange
- 161) Paper currency was used for internal use and gold was used for international settlement under..... standard.
- a) Gold Bullion
 - b) Gold Specie
 - c) Gold Parity
 - d) None of the above
- 162) International Bank for Reconstruction and Development (IBRD) is popularly known as:
- a) Central Bank of the country
 - b) International Monetary
 - c) World Bank
 - d) Banker's Banker
- 163) Which one of the following institutions has not taken birth during Bretton Woods system?
- a) General Agreement on Trade and Tariff
 - b) International Bank for Reconstruction and Development
 - c) International Monetary Fund
 - d) World Trade Organisation.
- 164) The Bretton Woods Agreement established the International Bank for Reconstruction and Development (IBRD) to _____.
- a) To monitor foreign exchange rates
 - b) Lend Currency reserves
 - c) To make loans available to developing countries
 - d) None of the above
- 165) Bretton Woods system is also popularly known as:
- a) Floating Exchange Rate System
 - b) Fixed Exchange Rate System
 - c) Adjustable Peg System

- d) Rigid Exchange Rate System
- 166) Under Adjustable peg system member countries were required to fix par value of their currencies in terms of:
- Only in terms of Gold
 - Only in terms of Silver
 - Either in terms of gold or in terms of US Dollar.
 - Only in terms of US Dollar
- 167) Under 'Adjustable Peg System" the par value of dollar was fixed at:
- USD-35 per ounce of Gold.
 - USD-35 per ounce of Silver
 - USD-35 per ounce of Platinum
 - USD-15 per ounce of Gold.
- 168) OPEC stands for:
- Organization of the Petroleum Exporting Countries
 - Organization of oil producing and Exporting Countries
 - Organization of the Petroleum Export Council
 - Organization of the People working in Exporting Countries
- 169) Balance of payment records _____ transactions of the country with outsiders.
- Bilateral
 - Unilateral
 - Economic
 - All of the above
- 170) Where the exports of commodities from a country exceeds its import of commodities, it results in _____ balance of trade.
- unfavourable/negative/deficit
 - Favourable/Positive/Surplus
 - Equality of BOP
 - inequality
- 171) The BOT is the systematic procedure for measuring inflow and outflow of foreign exchange of a particular country with rest of the world from:
- Cross border trade and service-related transactions
 - Cross border tangible trade related transactions
 - Cross border intangible service-related transactions
 - Cross border commodity
- 172) Which of the following account/accounts cannot be maintained in Indian rupees by NRIs ?
- Foreign Currency Non-Resident Account (FCNR)
 - Non-Resident External Rupee Account (NRE)
 - Non-Resident Ordinary Rupee Account (NRO)
 - FCCBS
- 173) NRO accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts for the income earned in India by the NRI's , What is the full form of NRO account ?
- Non-Resident Ordinary Rupee Account
 - Non-Resident Order Rupee Account
 - Non-Residual Ordinary Rupee Account
 - Non-Residing Ordinary Rate Account
- 174) FCNR (B) account can be opened and maintained in foreign currency by NRI's , what is the full form of FCNR(B) Account?
- Fixed capital Non-resident (Bank) Accounts
 - Foreign currency Non-resident (Bank) Accounts
 - Fixed Currency Non-Resident (Bank) Account
 - Foreign Capital Non-Resident (Bank) Account

- 175) What is the maximum remittance / transfers per financial year can be done through NRO accounts?
- USD 10 million
 - Rs.1 million
 - USD 1million
 - Rs.10 million
- 176) NRE accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts for the income earned in Foreign countries by the NRI's , What is the full form of NRE account ?
- Non-Residual External Rupee Account
 - Non-Resident Extra Rupee Account
 - Non-Resident External Rupee Account
 - Non-Resident External Rate Account
- 177) Export Finance is a :
- Short Term finance
 - Medium Term Finance
 - Long Term finance
 - All of the above
- 178) Export finance is a :
- Working Capital Finance
 - Term Loan finance
 - Combination of working capital and Term Loan finance
 - None of the above
- 179) It is the finance from the date of shipment till the date of payment of export bil at overseas centre.
- Pre-shipment finance
 - Post shipment finance
 - Direct Finance
 - Indirect finance
- 180) Pre-shipment finance is popularly known as:
- Packing Credit Limit
 - Post-shipment credit
 - Finance against Export incentives
 - All of the above
- 181) All documentary Letters of Credit are governed by articles of
- URC Publication No.522
 - UCPDC Publication No.600
 - FEDAI Rules
 - FEMA 1999
- 182) Import LC is always issued on behalf of:
- Importer or buyer
 - Exporter or Beneficiary
 - Importer's Bank
 - Exporter's bank
- 183) This institution is responsible for converting barter system in to monetary system.
- World Bank
 - Reserve Bank of India
 - International Monetary fund
 - Bank for International Settlements
- 184) IMF was established in Bretton Woods Conference for the purpose of:
- To promote exchange rate stability
 - To establish multilateral system of payment
 - To provide short term loans to member countries to overcome BOP crisis.
 - instability
- 185) Which one of the following factor has not influenced emergence of International Banking?

- e) Fall of Bretton Woods System
 - f) Emergence of Euro-Markets
 - g) Liberalisation, privatisation and Globalisation & integration of world economies.
 - h) None of the above
- 186) Due to devastating effect of World War-II each and every country was facing with recession and adopted:
- e) Liberalisation, privatisation and globalisation
 - f) Protectionist approach
 - g) Integration with world economy
 - h) Encouragement of international trade
- 187) Bretton Woods system is also popularly known as:
- e) Floating Exchange Rate System
 - f) Fixed Exchange Rate System
 - g) Adjustable Peg System
 - h) Rigid Exchange Rate System
- 188) OPEC stands for:
- a) Organization of the Petroleum Exporting Countries
 - b) Organization of oil producing and Exporting Countries
 - c) Organization of the Petroleum Export Council
 - d) Organization of the People working in Exporting Countries
- 189) Where the exports of commodities from a country exceeds its import of commodities, it results in _____ balance of trade.
- a) unfavourable/negative/deficit
 - b) Favourable/Positive/Surplus
 - c) Equality of BOP
 - d) None of the above
- 190) Which of the following account is partially repatriable?
- a) Foreign Currency Non-Resident Account (FCNR)
 - b) Non-Resident External Rupee Account (NRE)
 - c) Non-Resident Ordinary Rupee Account (NRO)
 - d) NRI Account
- 191) Which of the following account is subject to Tax Deduction at Source?
- a) Foreign Currency Non-Resident Account (FCNR)
 - b) Non-Resident External Rupee Account (NRE)
 - c) Non-Resident Ordinary Rupee Account (NRO)
 - d) All of the above
- 192) FCNR (B) account can be opened by NRI's in the form of fixed deposits only , What is the minimum and maximum term ?
- a) Minimum period of 1 year and maximum period of 5 year
 - b) Minimum period of 1 year and maximum period of 3 year
 - c) Minimum period of 3 year and maximum period of 10 year
 - d) Minimum period of 1 year and maximum period of 10 year
- 193) Interest rates on FCNR(B) deposits in India regulated by RBI based on LIBOR , What is the full form of LIBOR ?
- a) London Inter-bank Offer Rate
 - b) London Inter-bank Official Rate
 - c) London International Bank Offered Rate
 - d) London Inter Bank Offered Rate.
- 194) Which are the stages of Export finance?
- a) Preliminary stage and Secondary stage
 - b) Easy Finance stage and Difficult finance stage
 - c) Pre-shipment finance stage and post-shipment finance stage
 - d) Direct Finance stage and Indirect Finance stage.
- 195) It is the finance from the date of order till the date of shipment:
- a) Pre-shipment finance

- b) Post shipment finance
 - c) Direct Finance
 - d) Indirect finance
- 196) It is the finance from the date of shipment till the date of payment of export bill at overseas centre.
- a) Pre-shipment finance
 - b) Post shipment finance
 - c) Direct Finance
 - d) Indirect finance
- 197) Import LC is always issued in favour of:
- a) Importer or buyer
 - b) Exporter or Beneficiary
 - c) Importer's Bank
 - d) Exporter's bank
- 198) Import LC is a:
- a) Fund-based facility provided by the bank
 - b) Non-Fund-based facility provided by the bank
 - c) Fee-based facility provided by the bank
 - d) Non fee based
- 199) For opening the LC, LC opening bank requires:
- a) Proforma Invoice of the seller
 - b) Confirm sale Contract between buyer and seller
 - c) Samples of the commodity to be imported.
 - d) Quality Control of goods
- 200) In Letter of Credit transaction, all the parties deal in:
- a) Shipment of goods
 - b) Timely shipments of goods
 - c) Documents strictly as per terms and conditions of the LC.
 - d) Track record of buyer and seller