

Duration: 2 ½ Hours

Marks: 75

N.B.:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.

1(A) Multiple Choice Question: (Any Eight)

(8)

- 1) The market where dealing in currencies take place is called \_\_\_\_\_.  
a) Money Market      b) Forex Market      c) Capital Market
- 2) The \_\_\_\_\_ is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves.  
a) BWS      b) SDR      c) ADR
- 3) \_\_\_\_\_ allow foreign companies to mobilize funds from Indian Markets.  
a) GDR      b) ADR      c) IDR
- 4) A Japanese company issuing Yen denominated bond in the US market is example of \_\_\_\_\_.  
a) Domestic Bonds      b) Foreign Bonds      c) Eurobonds
- 5) \_\_\_\_\_ an act initiated to facilitate external trade and and to promote orderly management of the forex market in the country.  
a) FERA      b) FEMA      c) FEDAI
- 6) Price of foreign currency in terms of national currency is \_\_\_\_\_ quote.  
a) Direct      b) Indirect      c) semi-indirect
- 7) When a country experiences \_\_\_\_\_ its interest rates are likely to fall.  
a) Boom      b) Depression      c) Recession
- 8) The that a government may default on its debt obligation \_\_\_\_\_.  
a) Political Risk      b) Sovereign Risk      c) Transfer Risk
- 9) The bank which opens the letter of credit in favour of beneficiary is known as \_\_\_\_\_.  
a) Issuing Bank      b) Advising Bank      c) Confirming Bank
- 10) Loan can be provided in \_\_\_\_\_ currencies as per the borrower's demand in case of loan syndication.  
a) one      b) two      c) multiple

**B) State True or False: (Any Seven) (7)**

- 1) If export is more than import, at that time, BOT will be unfavourable.
- 2) In the floating exchange rate system, government officials strive to keep the exchange rate pegged.
- 3) Euro Currency loans carry variable interest rates.
- 4) Zero Coupon bonds pay coupon interest annually.
- 5) At the time of introduction of FEMA, the forex reserve position was satisfactory.
- 6) PPP Theory refers to Purchasing Power Parity Theory.
- 7) Speculators attempt to make loss from rising and falling prices.
- 8) Credit risk refers to the risk that a government may default on the obligation.
- 9) Mining is a process of recording of transaction through the utilization of processing power computer.
- 10) There is comparatively lesser risk while lending International Market.

Q.2 A Explain meaning of International Finance and discuss its scope. (8)

B) Distinguish between FDI and FPI. (7)

**OR**

Q.2 C) What is Off-Shore Banking? What are its advantages and disadvantages? (8)

D) Explain Features of Bretton Woods System. (7)

Q.3 A) Explain Scope of Forex Markets. (8)

B) List and explain the functions of International Banking. (7)

**OR**

Q.3 C) Distinguish between FERA and FEMA (8)

D) Explain the role of Central Bank in International Banking and Business. (7)

Q.4.A) Explain Risk Management? State the risks faced by Banks. (8)

B) What is Letter of Credit? Explain different types of letter of credit. (7)

**OR**

Q. 4C) Calculate the outright forward rate from the following information. (8)

Spot USD/INR	78.0916-80.0123
1 Month	1200/1300
2 Month	1600/1820
3 Month	1740/1780
4 Month	1540/1575

D) Calculate Mid Rate, Inverse Quote Spread and Spread % with following Quote: (7)

USD 1=GBP 0.8120/40

Q.5 A) What is hedging? What are the Internal and External methods of hedging? (8)

B) Explain the stages in Loan Syndication. (7)

**OR**

Q.5 Write short notes (Any 3) (15)

a) Bitcoin

b) SWIFT

c) Role of Credit Rating Agencies

d) Basel Norms

e) Indian Depository Receipts