

Time – 2 ½ hours

Total Marks – 75

- N. B. 1) All questions are compulsory.**
2) All questions carry 15 marks.
3) Figures to the right indicate full marks.
4) Each question has internal options.

Q.1 A) Multiple Choice Questions (Any 8)

(08)

(i) Broad measure of a country's international trade in goods and services are called _____

- a. current account
- b. capital account,
- c. trade account

(ii) 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

(iii) ___ provide long term movement of capital.

- a. FDI
- b. FPI
- c. Call money

(iv) The main risk associated with domestic bonds is the risk of _____

- a. Bankruptcy
- b. Obsolescence
- c. Exchange

(v) ___ is a foreign exchange rate quoted as the domestic currency.

- a. Direct quote
- b. Indirect quote
- c. Inverse quote

(vi) A _____ is the smallest unit by a currency quotation can change.

- a. PIP
- b. SIP
- c. DIP

(vii) The risk of an exchange rate changing between the transaction date and the subsequent settlement date is called _____

- a. Transaction
- b. Economic
- c. Translation

(viii) 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

(ix) The crypto transactions are verified by network nodes and recorded in a public distributed ledger called as _____

- a. Mine
- b. Blockchain
- c. Cryptograph

(x) A Letter of Credit that can be used for multiple transactions where the credit limit is not fixed is a _____ letter of credit.

- a. revolving
- b. transferable
- c. revocable

Q.1.B) State whether the following statements are True or False: (Any seven) (07)

- (i) Globalisation has increased the trend of Multi-National Companies in all over the world.
- (ii) The foundation of the gold standard is that a currency's value is supported by some weight in gold.
- (iii) In Eurocurrency market securities are issued in EURO.
- (iv) Net FDI inflow can never be negative.
- (v) Foreign exchange market is 24 hours market.
- (vi) Geographical arbitrage refers to buying a currency from where it is cheapest and selling it where it is dearest to make a profit from the difference in rates.
- (vii) Speculators attempt to make loss from rising and falling prices.
- (viii) The right to buy is a call; the right to sell, a put.
- (ix) Trade between companies in two different countries is called as internal trade.
- (x) Every bank individually enters into agreement with the borrower in case of a syndicated loan.

Q.2.a) Distinguish between Fixed exchange rate and Floating exchange rate system. (08)

b. Distinguish between FDI and FPI. (07)

OR

Q.2.c) Distinguish between ADR and GDR. (08)

d. Explain features and advantages of Gold Standard System. (07)

Q.3.a) Distinguish between FERA and FEMA. (08)

b. Explain meaning and features of international banking. (07)

OR

Q.3.c) Explain features of foreign exchange market. (08)

d. Explain features of loan syndication. (07)

Q.4.a) Explain methods of making international payment. (08)

b. Explain risk management through hedging. (07)

OR

Q.4.c) Calculate the forward buying and selling rates from the following information: (08)

Interbank spot dollar rupee rate 1=Rs.70.6000/70.9000

(a) One month 1100/1000

(b) Two month 1300/1200

(c) Three months 1500/1400

(d) Four months 1600/1550

Q.4.d) From following quote - USD/CAD 1.1670/1.1690, find mid-rate, spread, spread percentage and inverse quote. (07)

Q.5.a) Explain types of letter of credit in detail. (08)

b. Write a detailed note on capital account convertibility. (07)

OR

Q.5. Write short notes on any three: (15)

1. Components of BOP

2. SDRs

3. Types of risk

4. Categories of country risk

5. Bitcoin
