

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)

1. In loan syndication, interest usually accrues at a _____ rate. (fixed/floating/stable)
2. When a currency experiences _____, its interest rates are likely to fail. (boom/depression/recession)
3. In BOP, foreign investment transactions are recorded in _____ account. (Current/Capital/Reserve)
4. _____ risk includes effects caused by troubles in a region, in trading partner of a country. (Transfer/Location/Economic)
5. _____ allow foreign companies to mobilize funds from Indian Markets. (GDR/ADR/IDR)
6. European Monetary System started in _____. (1972/1979/1984)
7. _____ are fixed deposit NRI Ac. (NRI/NRE/FCNR)
8. An act which is enacted to regulate payments and foreign exchange in India, is _____. (FERA/FEMA/FEDAI)
9. A Japanese company issuing Yen denominated bond in the US market is an example of _____. (Foreign bond/Global bond/Euro bond)
10. Options which provide the buyer the right to buy the specified currency are called _____ options. (Call/Put/Straddle)

B) True or False (Any 7)

(07)

1. Exchange brokers facilitate deal between banks.
2. Bitcoin was officially made open in the year 2009.
3. Arbitrageurs try to profit from simultaneous exchange rate differences in different markets.
4. Price of foreign currency in terms of national currency is a direct quote.
5. Participatory notes are allowed foreign investment without registration with the SEBI.
6. A revocable letter of credit cannot be modified.
7. Bretton Woods Agreement lasted till 1981.
8. Marke Discipline of Basel norms states that bank need to mandatory disclose CAR, risk exposure, etc
9. FII is an investment that a parent company makes in a foreign country.
10. Micro factors existing within a firm lead to country risk.

Q.2 A) Distinguish between Fixed Exchange Rate System and Flexible Exchange Rate System.

(8)

B) What is FDI? Explain its advantages.

(7)

OR

Q.2 C) What is foreign bond? How it is different from Eurobond? (8)
 D) Write a detailed note on Capital Account Convertibility. (7)

Q.3 A) Explain the participants of Forex Market. (8)
 B) What are various forex risks faced by international banks? (7)

OR

Q.3 C) What are characteristics of Forex Market? (8)
 D) Discuss about international payment system. (7)

Q.4 A) Explain different parameters of Country Risk Analysis. (8)
 B) What is Cryptocurrency? Explain its disadvantages. (7)

OR

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

Spot USD/INR	85.0462-86.1350
1 month	400/500
2 months	600/900
3 months	1000/800
4 months	1200/1000

C) Calculate inverse quote, mid-rate and spread and spread percentage. (7)
 USD EUR 0.9289/340

Q.5 A) Discuss Purchase power parity. (8)
 B) Explain the process of Letter of Credit? (7)

OR

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

1. Nixon Shock
2. Forex risks for Corporates
3. Direct quote and Indirect quote in Forex market
4. Offshore Banking Units
5. Bank Guarantee