

Duration: 2.5 hours

Marks: 75

Note: 1) All questions are compulsory.

2) Figures to the right indicate full marks

Q.1A) Multiple Choice Questions. (Answer any Eight)

(8)

- 1) The artificial currency created by IMF to be issued as supplementary reserve asset is called as _____.
a) SDR b) Gold Coins c) Paper Currency d) Bitcoins
- 2) International Bank for Reconstruction and Development also popularly called _____.
a) World Bank b) Monetary Fund c) European Union d) BWS
- 3) In _____ a foreign company issues a bond denominated in a currency which is not the home currency of the investors.
a) Foreign Bond b) Euro Bond c) Both of the above d) None of the above
- 4) _____ allow foreign companies to mobilize funds from Indian Markets.
a) GDR b) ADR c) IDR d) None of the above
- 5) An act which is enacted to regulate payments and foreign exchange in India, is _____.
a) FERA b) FEMA c) FEDAI d) FIMMDA
- 6) Price of national currency in terms of foreign currency is _____ quote.
a) Direct b) Indirect c) Both of the above d) None of the above
- 7) When a country experience _____ its interest rates are likely to fall.
a) Boom b) Depression c) Recession d) None of the above
- 8) Trade between companies in two different countries is called as _____.
a) Domestic Trade b) International Trade c) Business d) None of the above
- 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 d) None of the above
- 10) _____ stage is the first stage in the process of loan syndication.
a) Mandate b) Pre-Mandate c) Disbursement d) Post-Disbursement

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

(7)

- 1) International Finance is the branch of economics.
- 2) Bretton Woods Agreement lasted till 1981.
- 3) Euro Currency loans carry variable interest rates.
- 4) Zero Coupon bonds pay coupon interest annually.
- 5) Exchange brokers facilitate deal between banks.
- 6) Credit Risk refers to the risk that a government may default on its obligation.

- 7) The process of recording of transactions in virtual market is called as Mining.
- 8) A revocable letter of credit cannot be modified.
- 9) There is comparatively lesser risk while lending in International Market.
- 10) Asymmetric information occurs in a situation where both party in a transaction has similar information.

Q.2 A) Explain advantages of International Finance. (8)
B) Distinguish between FDI and FPI (7)

OR

Q.2.C) Discuss advantages of Eurobond Financing. (8)
D) Explain advantages and disadvantages of Gold Standard System. (7)

Q.3A) Explain Features of Foreign Exchange Market. (8)
B) Discuss features of International Banking. (7)

OR

Q.3.C) Distinguish between FERA and FEMA. (8)
D) Explain Risk faced by Corporates. (7)

Q.4A) Discuss Risk faced by Banks. (8)
B) Explain different types of Letter of Credit. (7)

OR

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

Sp of USD/INR	78.0916-80.0123
1 Month	1200/1300
2 Month	1600/1820
3 Month	1740/1630
4 Month	1548/1480

D) Calculate Mid Rate, inverse quote and spread with following quote:
USD 1=GBP 0.8120/40

Q.5.A.Distinguish between Fixed Exchange Rate System and Flexible Exchange Rate System. (8)
B) Explain its advantages of FDI. (7)

OR

Q.5) Write short notes on: (Any Three) (15)
a) Components of BOP
b) Role of Credit Rating Agencies
c) Features of Bretton Woods System
d) Types of Foreign Bonds
e) Loan Syndication