

Duration: 2.5 hours

Marks: 75

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

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

(8)

1. Convertibility refers to _____
a) Gold exchange
b) Free conversion of currency
c) Inflation control
d) Capital control
2. Smithsonian Agreement modified _____
a) Gold Standard
b) Bretton Woods
c) EMS
d) SDR
3. FPI is generally _____
a) Long term
b) Short term investment
c) Government grant
d) Loan
4. IDR is issued in _____
a) USA
b) India
c) Japan
d) UK
5. Wholesale forex market deals in _____
a) Small traders
b) Banks & institutions
c) Individuals
d) Tourists
6. Direct quotation in India is _____
a) INR per USD
b) USD per INR
c) Euro per INR
d) Yen per USD
7. Settlement risk is also known as _____
a) Herstatt risk
b) Inflation risk
c) Default risk
d) Political risk

8. Swap is combination of _____
 a) Spot & Future
 b) Spot & Forward
 c) Two forwards
 d) Option & Forward

9. NRE account is maintained in _____
 a) Foreign currency
 b) Indian Rupees
 c) Gold
 d) SDR

10. Syndicated loan involves _____
 a) Single lender
 b) Multiple lenders
 c) RBI only
 d) IMF only

Q.1.b State whether the following statements are True or False: (Any 7)

(7)

1. Current account includes invisibles.
2. Gold Standard allowed free gold movement.
3. Euro bonds are issued in domestic currency.
4. ADR holders have voting rights always.
5. FEMA is regulatory framework.
6. Triangular arbitrage involves three currencies.
7. Gap risk arises due to maturity mismatch.
8. Futures are customized contracts.
9. Export finance is pre and post shipment.
10. LIBOR is benchmark rate.

Q.2.A) Explain Gold Standard – features and defects.

(8)

Q.2.B) Explain International Bond Market and types of bonds.

(7)

OR

Q.2.C) Explain FDI, FPI and FII.

(8)

Q.2.D) Explain Bretton Woods System and reasons for failure.

(7)

Q.3.A) Explain Foreign Exchange Arithmetic – Direct, Indirect & Cross Rates.

(8)

Q.3.B) Explain International Payment Systems & Correspondent Banking.

(7)

OR

Q.3.C) Explain Arbitrage – Geographical, Triangular & Interest Rate (formula).

(8)

Q.3.D) Explain Internal & External Hedging techniques.

(7)

Q.4.A) Explain Country Risk Management.

(8)

Q.4.B) Explain Export and Import Finance.

(7)

OR

Q.4.C. Calculate forward rates of GBP to Rupee for various maturities based on the following data:

(8)

Spot GBP/INR:

1 GBP = ₹ 104.6050 / 104.6150

Forward swap points:

- One month: 35 / 40
- Two months: 55 / 65
- Three months: 75 / 85
- Four months: 95 / 110

Q.4.D) Given-GBP/USD = 1.2500/1.2550

Calculate Mid, Spread, Spread % and Inverse Rate.

(7)

Q.5A) Explain Transaction, Translation and Economic Risk.

(8)

Q.5.B) Explain Loan Syndication and risks in International Lending.

(7)

OR

Q.5. Write short notes on any three:

(15)

1. Eurocurrency Market
2. FEMA
3. NRI Accounts
4. Participatory Notes
5. Managed Float