

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.****1(A) Multiple Choice Question: (Any Eight)****(8)**

1) In Floating Exchange Rate System, the market clears itself through a \_\_\_ mechanism.

a) government b) quantity c) price d) quality

2) In case of an \_\_\_\_\_ offering, the bonds convert into shares of the company that issued the bonds.

a) FCCB b) FCEB c) Both of the above d) None of the above

3) \_\_\_\_\_ allow foreign companies to mobilize funds from Indian Markets.

a) GDR b) ADR c) IDR d) None of the above

4) A Japanese company issuing Yen denominated bond in the US market is example of \_\_\_\_\_.

a) Domestic Bonds b) Foreign Bonds c) Eurobonds d) Global Bonds

5) RBI and FEDAI issue guidelines to all banks regarding risk to \_\_\_\_\_.

a) identify b) measure c) manage d) all of the above

6) Price of foreign currency in terms of national currency is \_\_\_\_\_ quote.

a) Direct b) Indirect c) Both of the above d) None of the above

7) When a country experiences \_\_\_\_\_ its interest rates are likely to fall.

a) Boom b) Depression c) Recession d) None of the above

8) The risk that a government may default on its debt obligation \_\_\_\_\_.

a) Political Risk b) Sovereign Risk c) Transfer Risk d) Transaction 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 d) Participating Bank

10) LIBOR rates are used to reflect \_\_\_\_\_ term interest rates across the globe.

a) Short b) Medium c) long d) federal bank's

**B) State whether the following statements are 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 market is highly regulated.

4) Zero Coupon bonds pay coupon interest annually.

5) Any offence under FEMA may result in imprisonment

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) Asymmetric information occurs in a situation where both party in a transaction has similar information.

10) There is comparatively lesser risk while lending International Market.

- Q.2 A Explain Meaning of International Finance and discuss its scope. (8)  
 B) Explain reasons for collapse of Bretton Woods System. (7)

OR

- Q.2C) What is Off-Shore Banking? What are its advantages and disadvantages. (8)  
 D) What is ADR? Explain different types of ADR. (7)

- Q.3A) Explain Scope of Forex Markets. (8)  
 B) List and explain the functions of International Banking. (7)

OR

- Q.3 C) Describe features of FEMA. (8)  
 D) Explain Risk Management? State the risks faced by Companies? (7)

- Q4.A) Explain the stages in Loan Syndication. (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 EUR/USD	1.2860/2880
1 Month	2000/1900
2 Month	2200/2050
3 Month	2500/2400
4 Month	2400/2300

- D) Calculate Mid Rate, Inverse Quote 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 Risk faced by Corporates. (7)

OR

- Q.5 Write Short Notes (Any 3) (15)  
 a) Role of Credit Rating Agencies  
 b) SWIFT  
 c) NEFT  
 d) Cryptocurrency  
 e) Indian Depository Receipts

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