Q.P. Code :01679

[Time: ($2\frac{1}{2}$ Hours] [Marks:75]

Please check whether you have got the right question paper.

N.B:
1) All questions are compulsory subject to internal choice
2) Figures to the right lindicate full marks.

Q.1   Attempt any two Questions :

A) Define international finance? What are the emerging challenges in International Finance?   7.5 marks

B) Distinguish between Fixed and Flexible exchange rate system.   7.5 marks

C) The following quote is given Mumbai   7.5 marks

    A) 1 USD = Rs. 44.7250-00
    B) USD/AUD 6.4750/ 6.4860

1) Identify the country where the above quotes are direct
2) Calculate spread / spread % and
3) Mid Rate for both the quotes
4) Calculate Reciprocal for both the quotes

Q.2   Attempt any two questions :

A) Given the following options establish which currency would be used to invest INR 8 million for   7.5 marks
temporary period of six months
    INR interest rate : 5 % p. a

Currency	Spot Rate	Interest Rate	6 month Forward Rate
USD	44.7535	2.25% p. a	45.3700
GBP	78.7275	3.50% p. a	79.3100
CHF	38.3525	1.50% p. a	39.0200

B) From the following Information calculate 3 months USD / AUD rate   7.5 marks

Spot rate USD/AUD = 7.8968
USD interest rate   = 0.75% p. a
AUD interest rate   =1.50% p. a

C) What is hedging? What are the techniques of hedging?   7.5 marks

Q.3   Attempt any two questions :

A) Distinguish between euro bonds and euro credit.   7.5 marks
B) What is forex market? Explain its participants   7.5 marks
C) What is capital budgeting? Briefly discuss the capital budgeting techniques.   7.5 marks

Q.4   Attempt any two questions :

A) What is portfolio management? What are its objectives?   7.5 marks
B) What is tax liability? What are the strategies used to reduce tax liabilities?   7.5 marks
C) A machine costs Omani Riyal 2,80,000 and is expected to produce the following cash flows   7.5 marks

Year :	1	2	3	4	5	6	7
Cash flows (Rs.) :	50000	57000	35000	60000	40000	30000	60000

If the cost of capital is 12% p .a is it worth buying the machine?

1   (Turn Over)

Q.5 A) Case study

Brexit will have an impact on India's GDP growth. "We have lowered our aggregate 2016 GDP growth forecast for Asia excluding japan from 5.9% to 5.6% and India's 2016 GDP growth forecast to 7.3% from 7.6% said the Nomura Report. However there is no need for Indian investors to worry about this small fall in the growth rate because we will still be the fastest growing major economy of the world. The government is also taking steps to boost the GDP growth and steps such as the recent FDI liberalization will help in achieving it.

When we look at the whole picture, it emerges that long-term investors need not worry about Brexit. "Investors should not change their asset allocation based on events like this, Since India's economy is doing well from a long term view. There is nothing to worry, says Sachdeva. A Balasubrahmanian CEO, Birla Sunlife MF concurs with this view: "investors should not bother too much about such events. The country is on the right direction and the long-term direction of the market is driven by fundamentals and not just by such events." He says. Aggressive equity investors, on the other hand, should try to use the current turmoil as opportunity." My experience says that more the uncertainly, the bigger is the opportunity for stock-picking. Keep on buying at every dip, "says Oswal. Also, Even though India will be impacted by the global turmoil, it'll still be much better off. "Indian markets should perform better compared to most other emerging markets and also the developed markets." Says Dipen Shah, Senior Vice-President and Head Private Client Group Research.

Answer the following questions
1) What is BREXIT?   (02)
2) What is the impact of brexit on FDI in India   (02)
3) Why most of the experts are optimistic about Indian economy   (02)
4) Explain the concept of IDR   (02)
5) How Indian stock market is related to the changes in the stable currency   (02)

B) From the following information calculate 3 months AFM and interpret the Results   05
Spot USD/SEK 5.9715
3 moths forward rate 6.0085