

Time- 2 1/2 Hours

Marks 75

**N.B:** All questions are compulsory with internal choice

Figures to the right indicates full marks.

**Q.1 Attempt Any Two (7.5 marks each)**

15

1. Explain the features of Brettonwoods System.
2. Distinguish between Fixed and Flexible Exchange rate System.
3. USD/SGD=1.5430/35

SGD/GBP=0.3340/42

1. Calculate the percentage spread on the USD/SGD Rate.
2. Calculate the percentage spread on the SGD/GBP Rate
3. The maximum possible percentage on the cross rate between the USD and GBP.

**Q.2 Attempt Any Two (7.5 Marks Each)**

15

1. Given the following options establish which currency would be used to borrow 6 million INR for a temporary period of 3 months. INR Interest Rate is 5%

Currency	Spot Rate	Interest Rate	Forward 3 months
USD	44.7535	2.25%	45.0600
GBP	78.7275	3.50%	79.0200
CHF	38.3525	1.50%	38.7000

2. USD/CAD Spot Rate 1.0696

USD Interest Rate=0.3750% p.a.

Calculate 73 days USD/CAD Rate.

3. Explain the term PPP Theory.

**Q.3 Attempt Any Two (7.5 Marks Each)**

15

1. What is Euro Bonds? What are its types?
2. What is ADR? What are its Types?
3. Distinguish between FERA and FEMA



**Q.4 Attempt Any Two (7.5 Marks Each)**

15

1. What is hedging? Explain the Techniques of hedging.
2. What is Project Appraisal? Explain the process of Project Appraisal.
3. BANK A USD/CAD 1.0293/03

BANK B USD/CAD 1.0275/85 Identify and Calculate Arbitrage Opportunity. (Also calculate Gain for 1 million Investment in case of Arbitrage).

**Q.5. A. Case Study.**

India led other emerging markets in drawing overseas funds for its equities in March 2018, with foreign investors buying \$2.06 billion of local stock in the month in which Bandhan Bank and ICICI Securities sold their shares locally for the first time.

About 40% of FIIs funds went into Initial Public Offering with the initial share sales in the two financial companies acting as the primary draw card.

“Rising interest rates by the US Federal Reserve could disturb the FPI flows into the emerging markets”.said Sandeep Chordia executive VP –strategy Kotak Securities.

“Against this back ground, India needs domestic flows led by SIPs (systematic Investment Plans) to sustain in the coming months. In our opinion, markets in FY2019 are expected to be more volatile than in FY2018.

**Answer the Following based on the above Case Study: (2 Marks each)**

10

1. What is FDI? Distinguish it from FII
2. How India led other emerging markets in investment in Indian equities?
3. What are the factors which affect FPI flows to emerging markets?
4. What are the disadvantages of FPI?
5. As per the above case What are the future trends and strategies suggested for Indian Market?

**Q.5. B. Spot Rate USD/SEK 6.5340**

05

3 months forward Rate 6.5667. Calculate AFM and Interpret the Results.

\*\*\*\*\*