

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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