Duration: 2 ½ Hours **Marks: 75**

N.B. 1. All questions are compulsory.
2. Figures to the right indicate full marks

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

1.When a country experiences ____, its interest rates are likely to fall.
(Boom, Depression, Recession)

2.The artificial currency created by IMF to be used as supplementary Reserve Asset is called as _____.
(SDR, Gold coins, Paper currency)

3.GDRs can be converted into shares. Shares can be converted into GDRs. This is called ____.
(Two way fungibility, no way fungibility, four way fungibility)

4.The minimum investment required in the IDR issue by the investors has been fixed at ____by SEBI.
(Rs.2Lakh, Rs.5Lakh, Rs.20Lakh)

5.An act, which is enacted to regulate payments and foreign exchange in India, is ___.
(FERA, FEMA, FEDAI)

6. If the bid points are lower (than the ask points), the spot rate has to be made ____ to arrive at the forward bid-ask rates.
(High, low, multiplied)

7. The electronic payment system through which forex remittances are made is _____.
(Chips, Chaps, Infinet)

8. Pre-shipment finance is also called as ___ credit.
(Term-loan, post shipment, packing)

9._____ is where you can buy and sell a currency, at a fixed future date for a pre-determined rate.
(Forward rate, domestic rate, currency rate)

10.Foreign exchange risk management is also known as the ______.
(exchange rate risk, political risk, sovereign risk)

Q.1.B) State True or False **(Any 7)** (7)

1. Balance of payments reflects the country's capacity to provide material requirements of the population.
2. A decrease in an interest rate causes depreciation of the currency.
3. Net FDI inflow can never be negative.
4. Domestic bonds are normally designated in the local currency.
5. Exchange brokers facilitate deal between banks.
6. A Price interest point (PIP) is the smallest unit by a currency quotation can change.
7. Speculators attempt to make loss from rising and falling prices.
8. Micro factors existing within a firm lead to country risk.
9. Trade between companies in two different countries is called internal trade.
10. A foreign banks in India can enter only as a wholly owned subsidiary.

Q.2.a.Explain prospects for India in developing offshore banking units in India. (08)
Q.2.b.Explain principles of international finance. (07)

OR

Q.2.c.Explain meaning and components of BOP. (08)
Q.2.d.Distinguish between ADR and GDR. (07)

Q.3.a.Explain in detail characteristics of Foreign Exchange Market. (08)
Q.3.b.What is Risk Management? Also explain risks faced by banks. (07)

OR

Q.3.c. Explain in features of International banking. (08)
Q.3.d.Explain functions of FEDAI in detail. (07)

Q.4.a.Explain advantages of Crypto Currency in detail. (08)
Q.4.b.Explain reasons for Internationalization of Banks. (07)

OR

Q.4.c. Calculate the forward buying and selling rate from the following information. (08)

Spot rate-USD/INR	60.6000/60.9000
One month	1100/1000
Two month	1300/1200
Three month	1500/1400
Four month	1600/1550

Q.4.d.Calculate inverse rate, spread, mid-rate, spread % of GBP/INR 99.1100/99.9900.

Q.5.a. Explain types of foreign exchange quotations. (08)
O.5.b.Explain meaning and types of Letter of credit. (07)

OR

Q.5 C) Write short notes on: (Any 3) (15)
1. Foreign bonds
2. Purchasing power parity
3. Country risk analysis
4. Crypto Currency
5. Fixed exchange rate system

****