

15/11/2019

Friday.

10.30 to 1.00

Time: 2 ½ Hours

Marks : 75

175

- N.B.
1. All questions are compulsory.
  2. Each question has internal options
  3. Figures to the right indicate full marks

Q.1 A Multiple Choice Questions (Any 8)

(8)

1. A Japanese company issuing Yen denominated bonds in the US market is example of \_\_\_\_\_ (foreign bonds/euro bonds/global bonds)
2. When a country experiences \_\_\_\_\_, its interest rates are likely to fall. (Boom/Depression/Recession)
3. Under \_\_\_\_\_ rate system, Central bank has the responsibility to maintain adequate foreign currency reserves. (BWS/Fixed Exchange/Floating Exchange)
4. A Letter of Credit which cannot be modified unless the exporter consents is called as \_\_\_\_\_ L/C. (Non Revolving/Non Transferable/Non Revocable)
5. In the case of \_\_\_\_\_ offering, the bonds convert into shares of the company that issued the bonds. (FCCB/FCEB/GDR)
6. \_\_\_\_\_ stage is the first stage in the process of loan syndication. (Pre-mandate/disbursement/Post-disbursement)
7. All transactions between ADs and their customers are governed by exchange controlled regulations of \_\_\_\_\_. (FEMA/RBI/FEDAI)
8. \_\_\_\_\_ is an NRI account that can be opened by depositing foreign currency in the account. (NRO/NRE/FCNR)
9. The Smithsonian agreement was abandoned in March \_\_\_\_\_. (1978/1972/1971)
10. Dealing Room Manual and code of conduct for dealers is given by \_\_\_\_\_. (FEDAI/FIMMDA/Both)

B State True or False (Any 7)

(7)

1. Euro currency market is highly regulated.
2. In case of NRO account, only current earnings are repatriable.
3. Full fledged money changers are authorised to undertake both purchase and sale transactions with the public.
4. Mining is a process of recording of transactions through the utilization of processing power computer.
5. The EMS was no longer a functional arrangement from May 1998.
6. Credit risk refers to the risk that a government may default on its obligation.
7. Offshore banking formally started in India from 2002.
8. Asymmetric information occurs in a situation where both party in a transaction has similar information.
9. US dollar can be described as "Paper Gold".
10. FERA came into force when the foreign exchange reserve position in the country wasn't good.

Q.2 A What is Capital Account Convertibility? Explain its advantages and disadvantages. (8)

B What is ADR? Explain different types of ADR. (7)  
OR

Q.2 C Differentiate between fixed exchange rate system and flexible exchange rate system. (8)

D What do you mean by FDI? What are its advantages? (7)

Q.3 A Write briefly about the International payment systems. (8)

B What is offshore banking? What are its advantages and disadvantages? (7)  
OR

Q.3 C What are the factors responsible for growth of Euro-currency Market? (8)

D Explain the role of LIBOR in international lending. (7)

Q.4 A Explain risk management. What are the risks faced by companies? (8)

B Write in detail about participatory notes. (7)  
OR

Q.4 C Calculate the rate of following currencies against Indian Rupees (8)

	BID	OFFER
1 USD INR	69.1300	69.1600
1 GBP USD	1.2410	1.2620
1 SGD USD	1.3656	1.3844
1 USD EUR	0.8946	0.9156
1 USD THB	31.3450	31.3650

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 What are Eurobonds? Explain different types of Eurobond? (7)  
OR

Q.5 Write Shortnotes On (Any 3) (15)

1. Cryptocurrency
2. Basel norms.
3. Features of Bretton Woods Agreement
4. Indian Depository Receipts
5. FEMA