

SVKM's NMIMS
NMIMS Global Access – School for Continuing Education

Programme: PGDFM/PGDITM

June 2013 Examination
Subject: International Finance

Semester: IV
Course New
Marks 70

Date: 23.06.2013

Time: 3.00 p.m. to 6.00 p.m.

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the answer book, which is provided for their use.

- NB :** i) All 4 questions are compulsory
ii) Candidates should attempt questions as per the internal options available
iii) Answer to each question to be started on fresh page.

Q.1. Attempt any two out of four

(Marks: 2*5=10)

- a) Explain the following terms:
 - i. Direct Quote
 - ii. Indirect Quote
 - iii. Cross Rates
 - iv. Merchant Rates
 - v. Bid price
- b) Explain Balance of Payments Accounting.
- c) Participants in the foreign exchange market. (*Discuss*)
- d) Define Purchasing Power Parity and explain its two forms.

Q.2. Short Notes on any two out of five

(Marks 2*5=10)

- a) Fixed Exchange Rate System
- b) American Depository Receipt
- c) International Fischer Effect
- d) Export Credit Guarantee Corporation of India Ltd.
- e) International Mutual Fund

Q.3. Attempt any three out of five

(Marks: 3*10=30)

- a) Discuss options as a hedging tool by answering the following questions:
 - i. Define options
 - ii. What are different types of options based on underlying assets?
 - iii. Describe the basic components of the option price.
 - iv. Discuss the pay-off profiles for options writer and buyers.
- b) Explain EOUs and 100% EOUs.
- c) What is the policy on 'Know Your Customers (KYC)' as per section 35 A of Banking Regulation Act?

- d) What is foreign exchange risk and discuss the different types of Foreign Exchange Risks? How can the Translation and Transaction exposure be managed?
- e) Write a brief note on Capital Account Convertibility by focusing on the following points:
- i. Meaning
 - ii. Reasons for Introduction in India
 - iii. Benefits and Drawbacks
 - iv. Tarapore Committee Recommendation

Q.4. Answer in brief

(Marks: 2*10=20)

- a) Explain the IMF by covering the following points:
- i. Origins
 - ii. Member and Administration
 - iii. Statutory Purposes
 - iv. Areas of Activity
 - v. IMF's Policies and Operations
- b) Short Note on swaps with special emphasis on the following points:
- i. Define swap. (3)
 - ii. Explain different types of swaps. (3)
 - iii. What is the mechanics of Indian Rate Swaps and Currency Swaps? (4)

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