

Time : 2 ½ hours

Marks:75

## Q1A) Multiple Choice Questions (any 8 out of 10)

(08 Marks)

1. \_\_\_\_\_ records Import & Export of goods.  
A) Balance of Payment B) Balance of Trade C) Autonomous Transaction D) Visible Account
2. 1USD =CAD 1.1630/1.1650, which is the variable currency in this quote.  
A) US DOLLAR B) CANADIAN DOLLAR C) CHINESE YUAN D) DIRHAM
3. \_\_\_\_\_ is the Association of Authorized Dealers  
A) FERA B) FEMA C) FEDAI D) AMFI
4. \_\_\_\_\_ is the founder of PPP theory  
A) Gustav Cassel B) Sharpe C) William Treynor D) Fisher Irvis
5. A Belgian company issuing Euro denominated bonds in the US market is example of \_\_\_\_\_  
A) Domestic Bonds B) Foreign Bonds C) Euro bonds D) Global Bonds
6. ADR/ GDR can be issued by \_\_\_\_\_  
A) only listed companies B) only unlisted companies C) only by companies listed on BSE  
B) D) only by companies listed on NSE
7. An act which is enacted to regulate payments and foreign exchange in India, is \_\_\_\_\_  
A) FERA B) FEMA C) FIMMDA D) FEDAI
8. \_\_\_\_\_ refers to the size or scope of potential loss  
A) Risk B) Exposure C) Uncertainty D) Loss
9. Secrecy jurisdiction is also known as \_\_\_\_\_.  
A) Tax Haven B) Transfer Pricing C) Domestic Tax D) Withholding Tax
10. Translation loss is-  
A) a loss to the parent company B) a loss to the subsidiary company C) a notional loss  
D) an actual loss

## Q1B) State whether True or False (any 7 out of 10)

(07 Marks)

- 1 Systematic record of economic transactions of a country during given period of time is known as IFRS.
- 2 Current account includes unilateral payment.
- 3 SDR is an international reserve asset created by IMF
- 4 SBI A/c with HSBC in UK is an example of VOSTRO A/C
- 5 In Holgate's principle, if Bid > Ask, Swap points of forward rate are to be subtracted.
- 6 Pip is the smallest unit by which a currency quotation can change.

- 7 Foreign currency forward market is Over the counter Unorganized market
- 8 GDR is a negotiable instrument issued by an international depository bank, representing a foreign company stock, trading on global stock Exchanges.
- 9 An investor looking at reducing his risk is known as Speculator
- 10 Leading & lagging is a method of Internally managing foreign exchange risk

Q.2) Attempt with **A&B** or **C&D**

**(15 Marks)**

- A. What is Bretton Wood System? Enlist its Reasons for failure
- B. Bring out the difference between Flexible Exchange Rate system and Fixed Exchange Rate System.

**OR**

- C. Explain the Balance of Trade in detail.
- D. Explain the crawling peg mechanism.

Q.3) Attempt with **A&B** or **C&D**

**(15 Marks)**

- A. Describe and explain the foreign exchange market.
- B. What is Euro Bond Market? What are the different types of instruments traded on the market?

**OR**

- C. Distinguish between FERA and FEMA.
- D. Distinguish between ADR and GDR.

Q.4) Attempt with **A&B** or **C&D**

**(15 Marks)**

- A. What is an exposure? Discuss its different types
- B. What is Capital Budgeting? Describe various techniques used in it.

**OR**

- C. What is hedging? What are the various techniques of hedging?
- D. What is offshore banking? What are its advantages?

Q.5) Attempt with **A&B** or **C**

**(15 Marks)**

- A. What is Tax Haven? What are its features?  
What is tax liabilities? What are the strategies to reduce the tax liabilities?

**OR**

B. Choose any **03 (any three)** of the following

**(15 Marks)**

- i. Arbitrage
- ii. FEDAI
- iii. ADRs
- iv. FEMA
- v. Various forms of Indirect Taxes

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