

Sr. No. 3794

Exam.Code : 110106

Subject Code : 3858

Bachelor of Vocation (Banking & Financial Services) - 6th Sem.

(2518)

Paper: BVC-604**International Financial Management****Time allowed: 3 hrs.****Max. Marks: 50****This question paper consists of three sections.****Section – A (10 marks)**

This section consists of TWELVE very short answer questions and students are required to attempt any TEN questions with answer to each question up to five lines in length. Each question carries ONE mark.

Q.1.

- a) Calculate the premium for the three-month forward rate, if spot $S(\text{Rs./}\$)=45.6500/7000$ and three-month forward rate is $F(\text{Rs./}\$)=45.5000/5500$.
- b) Difference between credit risk and market risk in a financial contract
- c) Floating exchange rate
- d) Current Account
- e) Relationship between inflation and exchange rate
- f) Pegged exchange rates
- g) Suppose the exchange rate between the US dollar and the Swedish Krona was 10 krona= $\$1.00$, and exchange rate between the dollar and the British pound was $\text{£}1=\$1.50$. What was the exchange rate between Swedish Krona and pound?
- h) International bond market
- i) Law of one price
- j) Put Option
- k) Hedging
- l) Free float

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Section-B (20 Marks)

This section consists of four questions and candidates are required to attempt any two questions with answer to each question up to five pages in length. Each question carries ten marks.

- Q.2. Illustrate the Purchasing Power Parity theory with an example.
- Q.3. Define the concept of Balance of payments. Describe the causes of disequilibrium in Balance of payments.
- Q.4. Discuss the structure of forwards currency market in India.
- Q.5. Describe the role of central bank in determination of exchange rates.

Section-C (20 Marks)

This section consists of four questions and candidates are required to attempt any two questions with answer to each question up to five pages in length. Each question carries ten marks.

- Q.6. What is Country risk? How would an organization undertake country risk analysis in international banking?
- Q.7. What is translation exposure? Elaborate the methods of measuring translation exposure.
- Q.8. What is transaction exposure? Describe the major techniques used for management of transaction exposure.
- Q.9. Compare and contrast between Options, Futures, and Swaps contracts.

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