Sr.No. 3794

Exam Code : 110106
Subject Code : 2791

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

(2519)

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 when spot rate is S (Rs./$)=45.7000/8000 and three-month forward rate is F (Rs./$)=45.5000/6000.

b) Difference between multinational and domestic financial management

c) Exchange rate

d) Cross rate

e) Capital account

f) Relationship between Inflation, interest rate and exchange rate

g) International bond

h) If British pound sells for $1.50 (U.S.) per pound, what should dollars sell for in pounds per dollar?

i) Arbitrage

j) The Fisher effect

k) Hedging

l) Call option

PTO

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. Explain the concept of Interest rate parity with the help of an example.

Q.3. Explain the concept of Balance of Payments. Discuss the methods to correct the disequilibrium in Balance of payments.

Q.4. Compare and contrast between currency forward and futures contracts. Which one is better for a trade and why?

Q.5. Discuss the relationship between spot and forward prices in context of foreign exchange markets.

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 operating exposure? Discuss the techniques used to measure and manage the operating exposure.

Q.7. Differentiate between transaction and translation exposure. Explain the methods to manage these exposures.

Q.8. Explain the different factors that you would scrutinize during country risk analysis.

Q.9. Describe the features of various instruments that are available to manage foreign exchange risk.

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