

SYBFM sem IV Reg. Exam April - 2023
 SUBJECT: FOREX CLASS: SYBFM SEM-IV

11/4/23

TIME ALLOWED: 2 1/2 HOURS

Marks 75

N.B. (1) Q 1 is compulsory.

(2) Q 2 to Q 5 having internal Options.

(3) Figures in the brackets indicates full marks.



Q 1) (A) State whether the following statements are TRUE/FALSE (Any 8):

- (1) US Dollar is accepted as a universal currency.
- (2) Forward exchange rate is the rate at which exchange of one currency to another at the present date at a specific date in future.
- (3) Crawling Peg is an exchange rate regime usually seen as part of fixed exchange rate.
- (4) Any company operating globally can deal in foreign currencies.
- (5) Stable economies are able to maintain exchange rate that pegged to strong currencies.
- (6) Exchange rate is determined by traders.
- (7) Geographically arbitrage is also known as triangular arbitrage.
- (8) Speculation involves trading of financial instrument involving low risk in expectation of significant return.
- (9) Credit risk is based on government's inability to meet its loan obligation.
- (10) The most common type of forward market is a spot against forward.

Q 1) (B) Match the following (Any 7):

Column A	Column B
(1) IMF- Fixed exchange rate	(a) Effective Exchange Rate Index
(2) Tom transaction	(b) Option giving the buyer the right but not the obligation to buy a currency
(3) NOSTRO a/c	(c) Black market for currency trading
(4) VOSTRO a/c	(d) Fixed price of buying and selling option
(5) Hawala	(e) Option giving the buyer the right but not the obligation to sell a currency
(6) EER	(f) Gold standards
(7) One law Price	(g) Your account with us
(8) Strike Option	(h) T+1
(9) Call Option	(i) Our account with you
(10) Put Option	(j) $e = P/P^1$

- Q 2) (A) What is an exchange rate? What are the various factors determining an exchange rate? (8)**
- (B) Who are various participants of foreign exchange markets? (7)**
- OR**
- (C) What are the features of Gold Standard System? (8)**
- (D) Differentiate between fixed and flexible exchange rate systems (7)**

- Q 3) (A) Explain the objective and features of FERA (8)**
- (B) Draw a historic time line to the India's Exchange Rate System (7)**
- OR**
- (C) Calculate GBP/INR Quotation if USD/INR 53.8425-75 and GBP/INR 5365.75 and calculate spread for GBP/INR (8)**
- (D) Identify the countries in which the following quotations will be "Direct" and convert them into "Indirect" form (7)**
- (a) EUR/USD 1.2872-1.2882**
- (b) USD/INR 54.3340-54.3390**



3 months Forward USD/INR 69.1225

Calculate the 3 months AFM and interpret the results?

Q 4) (A) What is FERA? How is it different from FEMA? **(8)**

(B) Describe any three capital budgeting techniques? **(7)**

OR

(P) Given: **(8)**

Spot 1 EUR=USD 1.225

EUR interest rate =1.20%

USD interest rate =0.75%

Calculate 3 months Forward EUR/USD quotation

(Q) From the following data, find the best alternative for borrowing INR 10 Million for a temporary period of 3 month. Exchange rates are against INR: **(7)**

	Currency	Spot Rate	3 months forward rate	Interest Rate
1	USD	67.1250	67.2550	4% p.a.
2	EUR	81.1750	81.1850	4.50% p.a.
3	GBP	90.1225	90.1275	5.00% p.a.

Q 5) (A) What are the objective of taxation? **(8)**

(B) Distinguish Between FDI and FPI **(7)**

OR

(P) Write Short Notes on (Any 3): **(15)**

(i) Balance of Payment Identify

(ii) Global Money Market instruments

(iii) Origin of Eurocurrency Market.

(iv) Role of FEDAI

(v) Currency Options In India.