[Time: 2$\frac{1}{2}$ Hours]   **[Marks:75]**

Please check whether you have got the right question paper.

N.B: 1.   **All Questions are compulsory.**
2.   **Figures to right indicate full marks.**

Q.1) A) Explain the following concept   **(8 mks)**
1. Fiat Currency
2. Indirect Rate
3. Arbitrage
4. Vostro Account

B) Explain in detail participants of forex market.   **(7 mks)**

OR

A) Explain the following concepts.
1. CHAPS   **(8 mks)**
2. Hot Money
3. Spread
4. Loro Account

B) Explain the need of forex market.   **(7 mks)**

Q.2) A) Explain the internal hedging techniques.   **(8 mks)**
B) Explain the Smithsonian Agreement in detail   **(7 mks)**

OR

A) Explain the reasons for failure of Bretton wood system.   **(8 mks)**
B) Explain in detail types of order in forex dealings.   **(7 mks)**

Q.3) A) GBP/USD: 1.5651/56   **(8 mks)**
GBP/USD: 1.6121/26
Calculate possible arbitrage gains

B) USD/INR 67.9711/68.0101   **(7 mks)**
USD/AED 5.6701/6859
Calculate
AED/INR.
Mid-rate of AED/INR
%spread of AED/INR

OR   **(8 mks)**

A) Spot rate
USD/CHF=1.3625/1.3635

Forward Rate	USD/CHF
1 months	35-25
3 months	90-80
6 months	165-155

Calculate
   a) 1 month 20days for USD/CHF
   b) 3 month 15 days for USD/CHF

B) Following rate are quoted by 3 different dealers **(7 mks)**
JPY/GBP =0.0052
GBP/EUR =2.2832
JPY/EUR =0.0130
Calculate possible arbitrage gains to the tune of JPY 1 million

Q.4) A) What is exposure? Explain the types of exposure. **(8 mks)**
B) Explain in detail reasons for growth of MNC's in India. **(7 mks)**
                    OR
A) What is Currency Convertibility? Explain the pros and cons of Currency Convertibility. **(8 mks)**
B) Explain in detail the features of option contract. **(7 mks)**

Q.5)   Write short notes on : (any three) **(15 mks)**
   a) CHIPS
   b) Tax havens
   c) Adjustable and crawling peg
   d) FEDAI
   e) Snake in the tunnel