

BBA 6th Semester Exam., 2022

INTERNATIONAL FINANCE

Time : 3 hours

Full Marks : 100

Instructions:

- (i) The marks are indicated in the right-hand margin.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. 1 and 2 are compulsory.

1. Write True or False of any six of the following : 2×6=12

- (a) Gold coinage was essential under gold exchange standard.
- (b) Domestic currency tends to depreciate owing to high inflation rate.
- (c) SDRs are US currency.
- (d) 'Fundamental disequilibrium' in the Bretton Woods system meant consistent devaluation.

- (e) The purpose of arbitrage is to minimize/eliminate exchange rate risks.
- (f) In practice, exchange rate differs among markets.
- (g) Optimization of portfolio means highest return with a given level of risk or lowest risk with a given return.
- (h) The total risk in respect of a security is the difference between systematic and unsystematic risk.
- (i) A stop order means transacting during the closure of the stock exchange.
- (j) In a call option, the option buyer buys the underlying currency.

2. Answer any three of the following : 4×3=12

- (a) Distinguish between monometallic and bimetallic standards.
- (b) What is currency arbitrage?
- (c) Explain portfolio return.
- (d) Explain the role of clearing house in the market for currency futures.
- (e) What are the types of the currency options market?

(Continued)

3. What are the different funding facilities through which IMF provides balance of payments support to member countries? 12
4. Who are the participants in foreign exchange market? 12
5. How is portfolio of investment optimized? 12
6. Write an essay on International Cash Management. 12
7. What are the factors on which the value of an options contract depends? 12
