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SARDAR PATEL UNIVERSITY

BBA(FT/IB) (V Semester) Examination

Subject: International Financial Management - III

Code: UM05CBBF02/B02

Year: 2016-2017

Date : 17/11/2016 Time: 02:00p.m to 04:00p.m

Day : Thursday Total Marks: 60

Q.1 Explain Foreign Direct Investment with its benefits, extent and policy. [15]

OR

Q.1 Write a note on : [15]
1) Policy of FII
2) GDR and ADR

Q.2 What is Political Risk? Explain its forms and evaluation techniques. [15]

OR

Q.2 Discuss in detail Management of Political Risk. [15]

Q.3 Discuss factors influencing Foreign Exchange Rate with its structure. Also explain different types of transaction and settlement date. [15]

OR

Q.3 A bank is quoting the following rates : [15]

$/CHF spot : 2.6985/90	$/SAR spot : 4.8560/70
2-month : 50/40	2-month : 40/60
3-month : 45/35	3-month : 30/50
6-month : 40/30	6-month : 20/40
9-month : 35/25	9-month : 10/30

A firm wishes to buy Saudi Riyals against Swiss Franc 2-month, 3-month, 6-month and 9-month forward with an option over the two, three, six and nine months. What rate will the bank quote?

Q.4(a) Differentiate Future and Forward contract. [08]

(P.T.O.)

(b) Explain the following terms : [07]

1)Intracommodity Spread
2) Floor Trader
3) Market order
4) Intercommodity Spread
5) Scalper
6) Dual Trader
7) Hedging

OR

Q.4(a) On February 25, 2015 the following spot and future CHF price are observed: [08]

Spot : 0.7688
March : 0.7683
June : 0.7670
September : 0.7671
December : 0.7678
March'16 : 0.7689

On December--- December month future 0.7835
March'16 month future 0.7869

What speculator thinks? Under what circumstance do investor actions lead?

How can be profit from his forecast using a spread trading strategy?

(b) Differentiate : [07]

Contango v/s Normal Backwardation

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