

(59 & A-42) Seat No.: \_\_\_\_\_

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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]

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(P.T.O.)

(b) Explain the following terms :

[07]

- |                           |                           |
|---------------------------|---------------------------|
| 1) Intra-commodity Spread | 2) Floor Trader           |
| 3) Market order           | 4) Inter-commodity 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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— x —  
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