

University of Pune
Department of Management Sciences (PUMBA)
Executive MBA Programme
305 (F) : International Finance

Max. Marks : 50

Time : 2 ½ Hours

Instructions : Attempt any five. All questions carry equal marks.

1. Apex Bank Ltd is an active player in foreign exchange market. The bank management has permitted the forex dealing room to borrow or lend in one overseas market upto a maximum of US\$ 50 Million. The interest rates in London market and Mumbai market are as follows.

Spot rate	46.70/46.75
Forward Premia 3 Months	48 Ps / 50 Ps

Interest rates:

US \$	3 Months	5.00/5.25
Rs.	3 Months	9.00/9.10

You are required to advise the Bank on the investment decision?

2. The following exchange rate quotations are available in London market and Mumbai market:

	Mumbai	London
Rs. / US \$	46.96 / 46.98	US\$/£ 1.3850/1.3855
Rs / £	65.00 / 65.05	

You are required to verify if any arbitrage benefit is available.

3. Trace the exchange rate system since 1875.
4. Explain the structure of Balance of Payments and importance of BOP to a manager of a firm?
5. What are the different factors that a corporate must keep in mind while investing abroad in a joint venture or for setting up its own subsidiary?
6. Explain some of the important regulations governing imports and exports in India.
7. Write short notes on (any two) :
 - a. The mechanism of Letter of credit and the limitations of Letter of credit.
 - b. Export Finance
 - c. Regulations regarding advance payment for imports
 - d. Exchange Rate Determination and forecasting
 - e. ECB