

PGDM / PGDM (IB)
GLOBAL PERSPECTIVE OF TREASURY MANAGEMENT IN INDIAN BANKS
DM-512/IB-507
TRIMESTER V, END TERM EXAMINATION – DECEMBER 2014

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the Q paper, writing anything except the Roll No will be treated as Unfair Means. In case of rough work please use answer sheet.

Sections	No. of Qs to attempt	Marks	Marks
A	3 out of 5 (Short Qs)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Qs)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

SECTION A

Answer any 3 Questions.

Q1. What are 4 kinds of risk in international trade. Please explain which method should be adopted by seller to minimize his risk in international trade.

Q 2. Mention at least 5 advantages to applicant under letter of credit

Q 3. Write a short note on uniform custom and practices for documentary credit (UCP) and international chamber of commerce (ICC).

Q 4. What are the reserve bank of India regulation in respect of foreign currency forward contract booking with bank by corporate. can a corporate book the foreign currency forward contract with bank in case it does not have underlying transaction? Discuss the requirement if yes and explain the reason / logic if the answer is no.

Q 5. Write a short note on process adopted by bank to determine the working capital requirement of corporate

Section B

Answer any 2 Questions.

Q 6. Discuss the working of dealing room, middle office and back office in bank

Q 7. Discuss what methodology be adopted by company while deciding whether to hedge the foreign currency exposure or keep the exposure open.

Q 8. Explain the following in respect of issuance of commercial paper.

1. Advantage and Dis-advantage of issuing commercial paper
2. Primary requirement by company to issue commercial paper
3. various parties involved in commercial paper issuance
4. cp issuance on standalone basis and against working capital
5. denomination in which cp can be issued
6. Functions of issuing and payment agent, registrar and transfer agent and NSDL.

Section C

Case Study

BMW group, owner of the BMW, mini and Rolls-Royce brands, has been based in Munich since its founding in 1916. But by 2011, only 17 per cent of the cars it sold were bought in Germany.

In recent years, china has become BMW's fastest-growing market, accounting for 14 per cent of bmw's global sales volume in 2011. India, Russia and Eastern Europe have also become key markets.

Despite rising sales revenues, BMW was conscious that its profits were often severely eroded by changes in exchange rates. The company's own calculations in its annual reports suggest that the negative effect of exchange rates totaled €2.4bn between 2005 and 2009.

BMW did not want to pass on its exchange rate costs to consumers through price increases. its rival Porsche had done this at the end of the 1980s in the us and sales had plunged.

Task: Consider the above case, outline briefly as to how should you approach the problem faced by BMW to minimize the foreign exchange loss. Develop strategy