9. Currency of Borrowing

India — Need = ₹100000 — USA

12% — 8%

SR ₹/$ 85/87

FR ₹/$ 90/92

CO = 112000

C.O = $\frac{₹100000}{₹85} \times 1.08 \times 92$ = 116894

10 Currency of Investment

India — Surplus = ₹200000 — USA

12% — 8%

SR ₹/$ 88/90

FR ₹/$ 92/93

200000 × 1.12

CI = 224000

$\frac{200000}{90} \times 1.08 \times 92$

= 220800

11 Cash Management

INDIA — USA

H.O — Surplus = ₹1000000 — Branch — Surplus = $50000

12% — 8%

SR ₹/$ 85/87

FR ₹/$ 86/88

Without swapping

India = ₹1000000 × 1.12 = ₹1120000

USA = $50000 × 1.08 × 86 = ₹4644000

5764000

With Swapping

Total Surplus = ₹1000000 + ($50000 × 85) = ₹5250000

CI = 5250000(1.12) = ₹5880000

12 Economic Exposure → 1 question only

13 NDF contract ⟶ 1 question only