

Roll No. ....

Total Pages : 3

**244405**

**May, 2019**

**MBA (Finance) IV SEMESTER**

**Foreign Exchange Management (MBA/FM-212)**

Time : 3 Hours]

[Max. Marks : 75

*Instructions :*

1. *It is compulsory to answer all the questions (1.5 marks each) of Part-A in short.*
2. *Answer any four questions from Part-B in detail.*
3. *Different sub-parts of a question are to be attempted adjacent to each other.*

**PART-A**

1. (a) Explain bid-ask spread. (1.5)
- (b) What is cross rate? (1.5)
- (c) Define sticky price theory. (1.5)
- (d) Participants in Foreign Exchange Market. (1.5)
- (e) Explain the role of RBI in foreign exchange market. (1.5)

- (f) Explain relation between official rate and market rate. (1.5)
- (g) Define term overshooting. (1.5)
- (h) Explain currency swaps. (1.5)
- (i) Explain free market exchange rate. (1.5)
- (j) Explain J Curve. (1.5)

- 6. What do you mean by management of foreign exchange exposure? Explain various internal techniques of hedging foreign exchange exposure. (15)
- 7. Explain the nature and structure of foreign exchange market. What are various exchange rate regimes prevalent worldwide? (15)

**PART-B**

- 2. Define exchange rate. Explain four way equivalence model of exchange rate determination. (15)
- 3. What are various types of exchange rates quotations? Explain relationship between nominal, real and effective exchange rates. (15)
- 4. How to measure various types of foreign exchange exposures? Explain various methods of translation for preparing consolidated financial statements. (15)
- 5. Define derivative. Explain various types of currency derivatives. Differentiate between forward contract and option contract. (15)