

May 2024

M.B.A. (Executive) (Fourth Semester)
Foreign Exchange Management (MBA-E-FM-213)

Time : 3 Hours]

[Maximum Marks : 75

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

Part A

1. (a) Who are the participants in Foreign Exchange market ? 1.5
- (b) Explain cross currency rates. 1.5
- (c) Define exchange rate regimes. 1.5
- (d) Differentiate between free market rate and official market rate. 1.5
- (e) Describe exchange rate volatility. 1.5
- (f) What do you mean by J curve effect ? 1.5

- (g) Explain foreign exchange exposures 1.5
- (h) What is transaction exposure ? 1.5
- (i) Elucidate the currency swaps 1.5
- (j) Explain bid ask spread. 1.5

Part B

- 2. (a) Discuss the nature and structure of foreign exchange market. 10
- (b) Differentiate between direct and indirect quotations. 5
- 3. (a) Discuss and differentiate among nominal, real and effective exchange rates. 7.5
- (b) Write in detail about sticky price theory of exchange rate volatility. 7.5
- 4. Discuss the exchange rate determination theories and the various factors affecting exchange rate, also explain the four equivalence model of exchange rate determination. 15
- 5. Describe foreign exchange exposure in detail. Also explain the regulatory framework of foreign exchange exposures in India. 15

- 6. (a) Differentiate between Currency Forwards vs. Currency Future contracts. 7.5
- (b) Compare and contrast internal and external hedging techniques. 7.5
- 7. What do you mean by Management of Foreign Exchange Exposure ? How do you see the role of various types of derivatives in this context ? 15