

Unit-III

6. Discuss with suitable examples hedging and arbitrage in a forward market.
7. Explain the IRP theory. Is it sufficient to explain the forward exchange rate?

Unit-IV

8. Explain interest rate swap with suitable example. Discuss its impact on cost of borrowing.
9. Write notes on:
 - (a) Euro currency market.
 - (b) Foreign exchange risk.

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Roll No.

56056

M.B.A. 2 Yr. 3rd Sem. (N.S.)

Batch 2011-2013

Examination- December, 2016

Foreign Exchange Management

Paper-MBA-317

Time : 3 hours

Max. Marks : 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

Note : All questions of Section-A are compulsory. Attempt any four questions from Section-B selecting at least one question from each unit.

Section-A

1. Give the answer of following questions in brief :

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[Turn Over

(a) What do you mean by nominal exchange rate ?

(b) What is meant by balance of payment ?

(c) Distinguish between direct and indirect quote of exchange rate.

(d) Define the cross rate. How is it computed?

(e) Discuss forward premium.

(f) What do you mean by over the counter market?

(g) What are the different types of orders?

(h) Define credit risk of swaps.

Section-B

Unit-I

2. "The spot exchange rate in a floating rate regime is determined by the supply and demand forces." Explain.

3. Who are the participants in foreign exchange market ? Discuss the determinants of rate of exchange.

Unit-II

4. Explain the factors responsible for exchange rate fluctuations.

5. Discuss the steps taken by Central Bank for exchange rate stability?