

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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- (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.

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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?

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