

Roll No.

12639

**MBA 2 Yr. 3rd Semester New Scheme
2019-20**

Examination – March, 2021

FOREIGN EXCHANGE MANAGEMENT

Paper : 20IMG23GI1

Time : Three Hours]

[Maximum 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 examination.

Note : Section – A is *compulsory*. Attempt *one* question from each Unit in Section – B. All questions carry equal marks.

SECTION – A

1. Write short note on the following :

- (a) Nominal Exchange Rates
- (b) Currency depreciation
- (c) Arbitrage
- (d) Currency swap

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- (e) Balance of payment
- (f) Exchange rate fluctuations
- (g) Cross rate of exchange
- (h) Currency forwards and Futures

SECTION – B

UNIT – I

2. Explain the factors that give rise to 'Demand' and 'Supply' of foreign currency.
3. Answer the following :
 - (a) What do you understand from Purchasing power parity theory ? Explain with examples.
 - (b) "If the whole world has a single currency, then forex market would cease to exist." Appraise.

UNIT – II

4. What are the assumptions of Dornbusch's theory ? Explain its mechanism and relevance in current scenario.
5. Discuss the monetary and fiscal policy initiatives directed by the RBI for exchange rate management.

UNIT – III

6. Explain Foreign Exchange Market. What are its functions ? Write a note on the various participants of foreign exchange markets.

7. Briefly explain the different types of quoting exchange rates with the help of suitable examples.

UNIT – IV

8. Discuss internal techniques of managing transaction exposure risk.
9. Write a detailed note on rules and regulations with regard to foreign exchange regulation in India.