 Roll No. ....

II-498

Dual Degree-BMS-MBA

EXAMINATION, May 2018

(Ninth Semester)

(Re-appear Only)

MBIIB01

FOREIGN EXCHANGE MANAGEMENT

Time : 3 *Hours*] [*Maximum Marks :* 70

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

Note : Attempt *Five* questions in all, selecting at least *one* question from each Unit. All questions carry equal marks.

Unit I

1. Describe the determinants of exchange rates between INR and US$. Which steps RBI takes to control foreign exchange rates. **14**

2. Explain the following with examples : **6,8**
   (a) Bid and Ask rates for currency exchange
   (b) Interbank and International Market Quotations.

Unit II

3. What is Interest Rate Parity ? How does it work ? How does it differ from expectation theory ? Give an example to illustrate your answer. **14**

4. Explain the following : **7 each**
   (a) Factors determining forwards margins.
   (b) International Fisher Effect.

Unit III

5. What is currency forwards and futures ? Explain the features of each with the trading and settlement mechanism of currency futures. **14**

6. Explain the various strategies for option contracts in currency derivatives market with examples. **14**

Unit IV

7. Do you think that some industries are more exposed towards economic exposure than other ? Based on the economic exposure of the MNC, comment on the method it uses to hedge its exposure. **14**

8. What are the various alternatives available to a firm to finance its international trade and investment ? Explain two major methods of financing international operations. **14**