

MMS/D-16
FOREIGN EXCHANGE MANAGEMENT
PAPER-FM-302

Time Allowed: 3 Hours

Maximum Marks: 70

Note: Attempt any eight questions from part-A. And any three Questions from part-B.

Part-A

1. Explain the Bretton Woods system of monetary system.
2. Distinguish between direct and indirect method of quoting the exchange quotation with suitable examples.
3. Explain the purchasing power parity (PPP) theory of exchange rate determination alongwith its limitations.
4. Explain the International Fisher Effect of exchange rate determination with examples.
5. Explain the trading mechanism of forward currency market in context to India.
6. Distinguish between hedging and speculation trading in foreign currency market with examples.
7. Distinguish between risk and exposure in foreign exchange market. How will you measure the exposure? Explain?
8. Explain the term official and free market exchange rates along with their features.
9. Explain the term foreign exchange accounting exposure. Explain the various techniques of measuring it in brief.
10. Explain the terms authorized person, security and devices under the FEMA-2000

Part-B

11. Explain the historical background and structure of International Monetary System with suitable examples.

12. Explain the important exchange rate regimes along with their merits and demerits and recent trends in this respect.
13. Explain the trading mechanism of foreign currency option market with suitable examples and diagram. How will you determine the option premium in this market? Explain.
14. Critically examine the measurement and management of foreign exchange economic exposure. Give your suggestions in this respect too.
15. Write note on the following :
 - (i) Convertibility of Rupee in India.
 - (ii) RBI powers to issue directions to Authorized person.