

Roll No.....

Total No. of Pages: 2

MMS/D09
Foreign Exchange Management
Paper: FM-302

6209-R

Time: Three Hours]

Maximum Marks: 70

Note:- Attempt FIVE questions in all. Q. No.1 is compulsory. All questions carry equal marks.

1. Answer the following questions:
 - (a) Explain the term spread with examples.
 - (b) What is swap rate in forward market?
 - (c) What is Mark-to-Market in foreign exchange market..?
 - (d) , What is time value of an option currency contract?
 - (e) What is temporal method?
 - (f) What is exposure netting?
 - (g) Distinguish between hedging and trading.
2. What is spot exchange market? Explain its structure in India. Also explain in brief the mechanism of trading and quoting the exchange. rates with suitable examples.
3. Explain the term currency swap contract. How is it different from forward contract? Explain the Important features of current swap contract. Also explain the valuation of a currency swap with suitable data.
4. Distinguish between foreign exchange risk and exposure. How will you measure the economic exposure? Also explain the important techniques used to manage economic exposure.

5. Write notes on the following with suitable data:
 - (i) Measurement of transaction exposure
 - (ii) Trading mechanism of futures Currency market.
6. Explain significance and factors to be considered in forecasting of exchange rates. Explain the technical theory in forecasting with suitable examples in brief.
7. What are foreign exchange gains and losses? Explain the tax treatment on foreign exchange gains incurred on various transactions in respect to Indian laws.
8. Write notes on the following:
 - (i) Parameters and constraints in exposure management.
 - (ii) Fundamental theory of foreign exchange rate forecasting.

