

MMS / D-13
FOREIGN EXCHANGE MANAGEMENT
Paper—FM—302

Time allowed: 3 hours]

[Maximum marks: 70

Note: Attempt any 8 questions from Part—A and 3 questions from Part—B. Each question from Part-A carries 5 marks and from Part-B carries 10 marks.

Part—A

1. Explain the various participants in the foreign exchange markets.
2. Explain the state of convertibility of rupee in India.
3. How will you determine the cross currency rates? What is its significance? Explain.
4. Critically examine the International Fisher Effect in context to exchange rate determination.
5. Distinguish between futures and forward exchange rates. How will you determine forward rate? Explain.
6. How will you measure the foreign exchange exposure?
7. Distinguish between ETC (Exchange Traded Contracts) and OTC (Over the Counter) option contracts.
8. How will you measure gains and losses from foreign currency transaction in India?
9. Explain the management techniques of foreign exchange economic exposure.
10. Write a brief note on FERA to FEMA in India.

Part—B

11. Critically examine the various theories of foreign exchange rate determination with suitable examples.
12. Explain the Trading mechanism of currency swap contracts with suitable examples. Also explain in brief the valuation of currency swap contracts.
13. Explain the measurement and management of translation exposure of foreign currency with suitable examples.
14. Explain the term convertibility of rupee. Explain the major recommendations of Tarapore Committee in this respect. Also give your suggestions in this respect.
15. Write note on the following: ' _
 - (1) Fixed Vs floating exchange rates
 - (11) Margin trading mechanism in futures exchange market