

MMS/D-15
FOREIGN EXCHANGE MANAGEMENT
PAPER-FM-302

Time Allowed: 3 Hours

Maximum Marks: 70

Note: Attempt any eight questions from Part-A of 5 marks each and three questions of 10 mark each from Part B.

PART-A

1. Critically examine the Gold Bullion Standard as monetary system.
2. How will you determine the Cross Exchange rate? Explain with examples.
3. Explain the current position of Capital account convertibility in India with suitable examples.
4. Explain the Interest Rate Parity Theory of Exchange rate determination.
5. Factors which are to be considered in determination of Forward exchange rate. Explain with examples.
6. Explain the Currency option market. How will you determine the value of option? Explain.
7. Explain the term Foreign exchange exposure. How will you measure the exposure?
8. How will you manage the Foreign exchange economic exposure?
9. Write note in brief RBI guidelines to control foreign exchange in India with examples.
10. Explain the term TERMS with examples.

PART-B

11. Explain the nature, structure and functions of Foreign exchange market. Also explain in brief major limitations of this market in India.
12. Critically examine the Flexible vs. Fixed exchange rate regimes along with their merits and demerits.
13. Explain the features, types and trading mechanism of Currency swap market with suitable examples.
14. How will you measure and manage the Foreign exchange transaction exposure? Explain with suitable data and examples.
15. Write notes on the following :

- (i) Trading mechanism of Futures currency market.
- (ii) Treatment of Tax on Foreign exchange gains and losses.