

MMSID07
FOREIGN EXCHANGE MANAGEMENT
Paper-FM-302

Time: Three Hours]

[Maximum Marks: 70

Note: Attempt five questions in all. Q. No. I is compulsory. All questions carry equal marks.

1. Answer the following questions:
 - (a) Explain the term Official and Free market rate.
 - (b) What is Call option in foreign exchange market?
 - (c) What is maintenance margin in futures market?
 - (d) Explain the term Exposure in foreign exchange market.
 - (e) What is Dow theory ?
 - (f) Explain the term Foreign exchange losses.
 - (g) What is hedging in foreign exchange market?
2. Critically examine the structure; mechanism and functioning of forward currency market with suitable examples alongwith its status in India.
3. Write notes on the following:
 - (i) Trading in futures currency market.
 - (ii) Determination of cross-currency rates.
4. What is Currency option market? What are its features? Explain its trading mechanism alongwith its determination of option price.
5. Explain the concept of transaction exposure. How will you measure it ? Also explain in brief various tools to manage it.
6. What is forecasting of exchange rate? Is it essential in an MNC ? Explain the technical theory of forecasting the exchange rates with suitable examples.
7. How will you determine gains and losses on foreign exchange transactions? Also explain the mechanism of tax treatment in this respect in brief.
8. Write notes on the following:
 - (i). Fundamental analysis in foreign exchange forecasting.
 - (ii)' Organisation of exposure management.

