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Class – B.Com (R) Sem. VI

Subject – Foreign Exchange Management

Paper – Group-II, BCP-621

Time Allowed : 3 Hours

Maximum Marks : 50

**SECTION-A**

1. Attempt any 10 out of 12 questions. Each question carries 1 mark.

- (a) Future V/s Forward
- (b) Translation v/s Transaction exposure
- (c) Law of one price
- (d) Short position V/s Long position
- (e) Define cross rate.
- (f) Difference between systematic risk and unsystematic risk.
- (g) Marking to Market
- (h) LIBOR
- (i) Interest Rate Collar
- (j) Characteristics of Swaps
- (k) Interest rate swaps V/s Currency swap
- (l) Explain At the money, In the money and out of the money option contract.

**SECTION-B**

Attempt any 2 out of 4. Each question carries 10 marks.

2. Define currency forecasting. Discuss the techniques of currency forecasting.

3. Discuss main theories to explain exchange rate behaviour.
4. What are the various crises faced and financial sector adjustments that have been made for them?
5. Discuss the uses of futures in foreign exchange market.

### SECTION-C

**Attempt any 2 out of 4. Each question carries 10 marks.**

6. What do you understand by the term 'Swaps'. Explain types of swaps and its uses.
7. Define risk and exposure. What strategies are used to hedge foreign currency risk and exposure?
8. Define Political risk. How can political risk be measured and managed?
9. Discuss in detail the various techniques of measuring and managing interest rate risk?

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