

Exam. Code : 108506

Subject Code : 2887

B.Com 6th Semester

FOREIGN EXCHANGE MANAGEMENT

Paper-BCG-621

Time Allowed—3 Hours]

[Maximum Marks—50

SECTION-A

Note :— Attempt any ten short answer questions. Each question carries 1 mark. The length of each answer should be in upto 5 lines.

1. (i) What do you mean by economic risk ?
- (ii) European option
- (iii) Explain various objectives of exchange control in India
- (iv) What do you mean by translation exposure ?
- (v) What do you mean by basis swap ?
- (vi) Hedging methods
- (vii) Financial booms
- (viii) Explain basis swaps.
- (ix) Arbitrage process
- (x) Purchasing power parity
- (xi) Interest rate risk
- (xii) Exchange rate.

SECTION-B

Note :— Attempt any two questions carrying 10 marks each.

The length of answer to each question should be in up to five pages.

2. What are options ? What are the features of option contracts ?
3. Discuss various internal hedging methods. Explain.
4. Give the recent trends of the composition of foreign exchange reserves in India.
5. What are the merits and demerits of convertibility ?

SECTION-C

Note :— Attempt any two questions carrying 10 marks each.

The length of answer to each question should be in up to five pages.

6. What do you mean by flexible exchange rate ? What are its advantages ?
7. Give an account of the features of forward contract.
8. What are the different types of currency swaps ? What are the uses of currency swaps ?
9. What is exchange rate risk ? Discuss the types of exchange rate risk.