Exam. Code : 108506
Subject Code : 2222

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 up to 5 lines.

1. (i)   Law of one price

(ii) Arbitrage Process

(iii) Interest Rate Collar

(iv) Translation Vs. Transaction Exposure

(v)   Define cross rate

(vi) Financial Fragility

(vii) Parallel loans

(viii) What do you mean by Plain/Vanilla swap ?

(ix) Purchasing Power Parity

(x)   Explain various objectives of exchange control in India.

(xi) Economic risks

(xii) American options.

SECTION—B

Note :— Attempt any **TWO** questions carrying **10** marks each. The length of answer to each question should be up to 5 pages.

2. Define option contract. Give various terminologies used in options contracts.

3. What do you mean by Forex risks ? Determine the various methods or techniques to minimize such risks.

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

5. "Indian economy has experienced various financial adjustments after the policy of 1991" comment.

SECTION—C

Note :— Attempt any **TWO** questions carrying **10** marks each. The length of answer to each question should be up to 5 pages.

6. Define Political Risks. How can Political Risks be measured and managed ?

7. What are the Swap Agreements ? Explain the characteristics and uses of Swap Agreements.

8. Define Risk Exposure. What are the different strategies for Foreign Exchange Risk Management ?

9. What do you mean by Options ? How would you use options for Foreign Exchange Management ?