

Roll No.

Total Pages : 2

MMS/D-12.

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FOREIGN EXCHANGE MANAGEMENT

Paper : FM-302

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt five questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. Compulsory Question

Answer the following :

- (a) Explain the term Spread in Foreign exchange market.
 - (b) Distinguish between TT Rate, Official rate and Merchant rate.
 - (c) What is mark-to-market in Futures market ?
 - (d) Distinguish between Risk and Exposure.
 - (e) What is Re-invoicing centre ?
 - (f) What is Technical analysis ?
 - (g) What is Cross rate ?
2. Explain the nature, features and trading mechanism of Foreign exchange option market with suitable examples alongwith recent developments.
 3. Explain the term Forward rates. How are they estimated ? Explain the trading mechanism of Forward currency market with suitable examples. Give recent developments too in this respect.
 4. Write notes on the following :
 - (a) Organizational structure of Foreign exchange markets.
 - (b) Measurement of Foreign exchange exposure.

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5. Explain the measurement and management of Translation exposure with suitable examples.
6. Distinguish between Transaction exposure and Economic exposure. Also explain management of Economic Exposure. Give recent developments too in this respect.
7. Explain the Term Foreign exchange rates forecasting. What factors are considered in this regard ? Also explain the role of technical analysis in this respect.
8. Write notes on the following :
 - (a) Tax treatment on Foreign exchange gains in India.
 - (b) Fundamental analysis in Forecasting of exchange rates.

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