C 3425 (Pages : 2) Name..

Reg. No....................................

FOURTH SEMESTER M.B.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, JULY 2021

(CUCSS)

M.B.A.

BUS 4EF 05/IB 05—FOREX MANAGEMENT

Time : Three Hours Maximum : 36 Weightage

Section A

*Answer **all** the questions.*
Each question carries 1 *weightage.*

1. List out the schemes of ECGC.

2. What is Balance of Payment ?

3. What is meant by forward rate ?

4. What is Letter of Credit ?

5. What do you mean by Forfeiting ?

6. What are Swaps ?

(6 × 1 = 6 weightage)

Section B

*Answer any **four** questions.*
Each question carries 3 *weightage.*

7. Differentiate between a Spot Market and Forward Market.

8. Briefly explain the factors influencing exchange rates.

9. Explain the various types of Incoterms.

10. Explain the functions of IMF.

11. How did the Bretton Woods agreement provide a stable monetary environment ?

12. Explain the various risk covering documents related to international trade.

(4 × 3 = 12 weightage)

Turn over

Section C

Answer any **three** *questions.*
Each question carries 4 *weightage.*

13. Is floating rate system more inflationary than fixed rate system ? Explain.

14. Who are the participants in foreign exchange market ? What are the functions of foreign exchange market ?

15. State the various documents essential for Export Trade and briefly explain the purpose of each document.

16. Explain the various export finance schemes provided by various agencies for exporters.

17. The US dollar is selling in India at ₹ 55.50. If the interest rate for a 6 months borrowing in India is 10 % per annum and the corresponding rate in USA is 4%.

    i) Do you expect that US dollar will be at a premium or at discount in the Indian Forex Market ?

    ii) What will be the expected 6-months forward rate for US dollar in India ?

$(3 \times 4 = 12$ weightage)

Section D

Answer the following **compulsory** *question which carries* 6 *weightage.*

18. Examine the influence of monetary and fiscal policy on exchange rate with special reference to Foreign Exchange Market in India.

$(1 \times 6 = 6$ weightage)