

C 23488

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Name.....

Reg. No.....

**FOURTH SEMESTER M.B.A. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, JULY 2022**

(CUCSS)

M.B.A.

BUS 4E F05/IB 05—FOREX MANAGEMENT

(2016 Scheme)

Time : Three Hours

Maximum : 36 Weightage

**Section A**

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

1. What do you understand by Balance of Trade ?
2. What is meant by Spot prices ?
3. What is Bid Bond ?
4. What is GDR ?
5. What is letter of credit ?
6. What is pre shipment packing credit ?

(6 × 1 = 6 weightage)

**Section B**

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

7. Briefly explain the difference between floating rate system and fixed rate system.
8. Explain the various types of Letter of Credit.
9. Explain in detail about the transport documents used for International Trade.
10. Explain the various financing schemes available for promoting exports.
11. What are Special Drawing Rights ? Why were they created ?
12. Explain the effect of exchange rate on Foreign Trade.

(4 × 3 = 12 weightage)

**Turn over**

**Section C**

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

13. Explain the role of ECGC in promoting exports.
14. What is Bretton Wood's agreement ? Explain the significance of this agreement in International Monetary environment.
15. Explain in detail the factors influencing exchange rate in India.
16. "Derivatives are used for the purpose of risk management". Explain.
17. Excel Exporters are holding an Export bill in United States Dollar (USD) 1,00,000 due 60 days hence. They are worried about the falling USD value which is currently at ₹ 45.60 per USD. The concerned Export Consignment has been priced on an Exchange rate of ₹ 45.50 per USD. The Firm's Bankers have quoted a 60-day forward rate of ₹45.20. Calculate :
  - i) Rate of discount quoted by the Bank.
  - ii) The probable loss of operating profit if the forward sale is agreed to.

(3 × 4 = 12 weightage)

**Section D**

*Answer the following.*

**Compulsory question** which carries 6 weightage.

18. What are the important factors that should be monitored in determining the movements in an exchange rate ? Explain them.

(1 × 6 = 6 weightage)