D 105257   (Pages : 2)   Name..

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FOURTH SEMESTER M.B.A. DEGREE EXAMINATION
JULY 2024

(CUCSS)

M.B.A.

BUS4EF05/IB05—FOREX MANAGEMENT

(2016 Scheme)

Time : Three Hours   Maximum : 36 Weightage

Part A

I. Answer *all* the following questions each question carries 1 weightage.

   1 What is foreign exchange ?

   2 What is letter of credit ?

   3 What is FOB ?

   4 What is Forward contract ?

   5 What is bid bond ?

   6 What is deemed export ?

                                                        (6 × 1 = 6 weightage)

Part B

II. Answer any *four* questions each carries 3 weightages.

   7 Briefly explain BOP crisis of 1990.

   8 Briefly explain the method of international trade settlement.

   9 What is exports financing ? Differentiate between pre-ship and post-ship finance.

   10 Explain the functions of IMF.

   11 Briefly explain the factors influencing exchange rates.

   12 Differentiate between future, forward and swaps contraets.

                                                        (4 × 3 = 12 weightage)

                                                             Turn over

Part C

III. Answer any *three* questions each carries 4 weightages.

13 Explain the documents involved in the international trade.

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

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

16 Explain the functions of International Bank for Reconstructions and development.

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

(3 × 4 = 12 weightages)

Part D

IV. Answer the following compulsory question, which carries 6 weightage :

18 The US dollar is selling in India at Rs. 58.50. if the interest rate for a 6 months borrowing in India is 8 % per annum and the corresponding rate in USA is 5 %.

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

(b) What will be the expected 6 month's forward rate for US dollar in India ?

(c) Explain in detail how the exchange rate mechanism is beneficial for a trader ?

(1 × 6 = 6 weightage)