Exam. Code : 108506
Subject Code : 1979

B.Com. 6th Semester
GROUP—II BCG-621 : FOREIGN EXCHANGE MANAGEMENT

Time Allowed—3 Hours] [Maximum Marks—50

Note :— Attempt **FIVE** questions in all, selecting at least **ONE** question from each section. The **FIFTH** question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. What do you mean by financial fragility ? What are its indicators ?

2. What are the factors which affect the future pricing behaviour ? Discuss cost of carrying and cost of expectation approach in detail.

SECTION—B

3. What are future contracts ? Explain the trading Process, Pricing and credit risk involved in currency futures market.

4. What do you understand by hedging ? Explain the different forms of Natural hedges or Internal hedging strategies.

SECTION—C

5. What are the swap agreements ? Explain an interest rate swap in detail.

6. Explain the characteristics and uses of swap agreements.

SECTION—D

7. Define risk exposure. What are the different strategies for foreign exchange risk management ?

8. Differentiate between Translation and Transaction Exposure. Briefly explain all the techniques (External & Internal) of managing transaction exposure.

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