

Jamia Hamdard
School of Management and Business Studies
Department of Management
Odd Semester Examination - January 2024
MBA-III Semester
MBA-GE-IB-05 & Forex Management and Currency Derivatives

Roll No...

Duration: 3 Hour

Max.Marks -60

Note: Attempt any Five Questions, All questions carry equal marks

(12X5=60)

- Q1: Discuss the functions of the foreign exchange market. Explain the role of RBI in the forex market in India.
- Q2: a) Explain factors that determine spot exchange rates with suitable examples.
b) If GBP is quoted as \$1.2800 -20. What do you infer from this quote? Find out the percent spread.
- Q3: Discuss the history of exchange rate system explaining the importance of the Plaza Lourve Intervention Accord.
- Q4: On 23rd January, interbank quotation for USD was as under (Transit period is 25 days). The dollar is at premium and the quotation in the interbank market is as under:
- | | | |
|--------------|------------|--------------|
| Spot | USD 1 = Rs | 73.5000/5500 |
| Spot/January | | 2000/2100 |
| February | | 5000/5100 |
| March | | 7500/7600 |
- Exchange margin of 0.10%. is to be loaded.
- a) Calculate bill buying rate for a sight bill
b) Discuss the major types of merchant buying rates.
- Q5: A customer with whom the bank had entered into a 3 months forward purchase contract for 10000 CHF at 97.25 comes to the bank after 2 months and requests for cancellation of the contract. Calculate the early cancellation charges payable by the customer with the help of the given information:
- | | | | |
|-----------------|---|----|--------------|
| Spot CHF 1 | = | Rs | 97.3000/3500 |
| 1 month forward | = | | 4500/5200 |
- Q6: Interbank rate of US dollar is as follows:
- | | | |
|----------|------------|---------------|
| Spot | USD 1 = Rs | 78.6000/6075 |
| 1 month | | 3500/ 3600 |
| 2 months | | 5500/ 5600 |
| 3 months | | 8500/ 8600 |
| 4 months | | 1.1500/1.1600 |
| 5 months | | 1.3500/1.3600 |
| 6 months | | 1.5500/1.6600 |
- Calculate the following assuming transit period of 25 days and exchange margin of 0.10%:
- a) Ready Bill Buying Rate
b) 2-month forward buying rate for demand bill
c) Ready rate for 60 days usance bill
d) 2- month forward buying rate for 60 days.
- Q7: "An adverse exchange rate movement may turn a profitable deal into a loss." Explain the various types of foreign exchange exposures and ways of managing the exposures.
- Q8: Write short notes on any **two** of the following:
- a) Difference between American and European Quote
b) Difference between Fixed and Floating Exchange Rates
c) Currency Futures