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Odd Semester Examination - January 2023 – February 2023
MBA-III Semester
MBA-GE-IB-05
Forex Management and Currency Derivatives

Duration: 3 Hours **Max Marks: 75**

Note: Attempt any Five Questions, all questions carry equal marks. [15*5=75]

Q1: On 26th August, an exporter tenders for purchase a bill payable 60 days from sight and drawn on New York for USD 25,650. (Transit period is 25 days). The dollar is at discount and the quotation in the interbank market is as under:

Spot	USD 1 = 78.6525/6850
Spot/September	1500/1400
October	2800/2700
November	4200/4100
December	5600/5500

. Exchange margin of 0.10%. is to be loaded.

a) Calculate bill buying rate.
b) What is the rupee amount payable to the exporter?
c) Discuss principal types of merchant selling rates.

Q2: If the dollar is quoted in the interbank market at Rs 81.69 and the dollar is quoted at CHF 1.08 in another market,

a) Calculate cross rate CHF/INR.
b) Discuss principal factors affecting spot exchange rates.

Q3: Discuss the history of exchange rate system explaining the importance of Brettonwoods system.

Q4: Interbank rate of US dollar is as follows:

Spot	USD 1 = 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

a) Calculate 1 month forward TT selling rate and 3 month forward bill selling rate if the exchange margin is 0.10% and 0.15% for bill selling

b) What are Forward Exchange Contracts? Explain its features with a suitable example.

Q5 Explain the different types foreign exchange exposures and discuss ways of managing the various exposures.

Q6 What do you mean by "Execution of Forward Contracts"? Explain various possibilities of executing a forward contract.

Q7: On 15th December, a forward sale contract was booked for USD 150000 for import. The due date is 15th January at Rs 79.3450. On the due date, the customer requests cancellation of contract. Assuming USD were quoted in the local interbank exchange market as under on the date of cancellation of the contract.

Spot	USD 1 = Rs 79.2900/2975
Spot/February	3000/3100
Spot/March	6000/6100

Exchange margin is 0.10%. What will be the cancellation charges payable by the customer, if any?

Q8 Write short notes on any **two** of the following:

a) Cover Deals

b) Difference between Forward and Futures

c) Role of RBI in forex market