Jamia Hamdard
School of Management and Business Studies
Department of Management

Roll No...

Odd Semester Examination - January 2024
Integrated MBA-IX Semester
MBA(I)-GE-IB-05 & Forex Management and Currency Derivatives

Duration: 3 Hour — Max.Marks -75

Note: ***Attempt any Five Questions, All questions carry equal marks*** (15X5=75)

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