Unit-IV

8. Explain the assumptions and mechanism of Block-scholes model.

9. Write notes on the following :

(a) Accounting exposure

(b) Foreign exchange regulation in India.

Roll No. ....

56056

M.B.A. 2 Year 3rd Semester (N.S.) Batch 2011-13

Examination–December, 2015

Foreign Exchange Management

Paper-MBA-317

Time : 3 hours ***Max. Marks : 80***

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

Note : Attempt **five** questions in all. Q. No. **1**, from section-A is **compulsory**. From section-B, attempt **four** questions (**one** question from each unit). All questions carry equal marks.

Section-A

1. Briefly explain the following :

(a) Nominal exchange rates

(b) Free float system

(c) Exchange rate volatility

(d) Depreciation of a currency

(e) Spot market

(f) Arbitrage

(g) Euro currency

(h) Foreign exchange risk

Section-B

Unit-I

2. Explain the significance and elements of BOP statement.

3. Discuss in detail the purchasing power parity approach. Is it applicable in both short run and long run ?

Unit-II

4. Why do exchange rate fluctuate ? Should the fluctuations in exchange rate be controlled ? Justify your answer.

5. When and why should a country depreciate its currency ? How does it impact the trade balance of a country ? Explain and illustrate.

Unit-III

6. Discuss the features and functions of foreign exchange market. Also discuss the structure and organisation of foreign exchange market in India.

7. What does you mean by International Fisher Effect ? According to it, are interest rate differentials equal to the inflation rate differentials ?