

Time : 3hours

Marks : 100

SECTION A — (5*8 = 40 marks)

Answer any FIVE questions.

1. Explain the significance of foreign exchange.
2. Comment on the exchange of currencies through Telegraphic Transfers.
3. Explain Spot and forward rates.
4. Analyse the term, ‘Nominal effective exchange rate’.
5. Comment on the various risks in foreign exchange market in India.
6. Enumerate the factors, which influenced forward exchange market.
7. Write short notes on :
 - (a) Currency swaps
 - (b) Interest rate swaps.
8. Write short notes on :
 - (a) NOSTRO A/C
 - (b) VOSTRO A/C.

SECTION B — (4 ? 15 = 60 marks)

Answer any FOUR questions.

9. Discuss in detail the different foreign exchange rates.
10. Describe in detail the organisation of forex market.
11. Elucidate the various modern forecasting models of exchange rates.
12. Discuss the purchasing power parity theory.
13. Comment on the terms and conditions applicable to forward contracts.
14. Analyse the method by which a dealer might use the swap market to hedge a forward contract.
15. Discuss the management of foreign exchange reserves of India.