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(20516) Roll No. ....  
MBAIB -IV Sem.

2076

**MBAIB Examination, May-2016**

**FOREIGN EXCHANGE MANAGEMENT AND  
CURRENCY DERIVATIVES**

(MBAIB - 402)

*Time : Three Hours ] [Maximum Marks : 100*

**Note :** The question paper contains **three** parts.

**All** questions are **compulsory**.

**Part - I**

1. This question contains **20** objective type-questions, choose the correct answer and write its serial order :  $1 \times 20 = 20$

- (i) Foreign Exchange Management Act:  
(a) 42 of 1999  
(b) 42 of 2000  
(c) 53 of 2000  
(d) 54 of 2000

- (ii) Insurance regulations are regulated by  
(a) RBI  
(b) IRDA  
(c) SEBI  
(d) FEMA
- (iii) Finances bill 2016 was presented on:  
(a) 29th Feb, 2016  
(b) 1st Mar, 2016  
(c) 28th Feb, 2016  
(d) 2nd Mar, 2016
- (iv) ADR stands for:  
(a) American Deposit Ratio  
(b) American Deposit Rupees  
(c) American Depository Receipt  
(d) None of the above
- (v) Rate of tax on short term capital gain is:  
(a) 10%  
(b) 15%  
(c) 20%  
(d) 25%

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- (vi) YTM means:
- (a) Yield to Maturity
  - (b) Yield to Month
  - (c) Yield time Management
  - (d) None of the above
- (vii) FCCB Stands for:
- (a) Foreign Currency Convertible Bonds
  - (b) Finance Compatible Conversion Bonds
  - (c) Finance Clearance Conversing Bonds
  - (d) None of the above
- (viii) RBI (Reserve Bank of India) has its Head Quarters at:
- (a) Delhi
  - (b) Mumbai
  - (c) Kolkata
  - (d) Chennai

- (ix) FDI means:
- (a) Foreign Direct Investment
  - (b) Foreign Double Investor
  - (c) Finance Direct Involvement
  - (d) None of the above
- (x) The Bank Note press is in:
- (a) Nashik
  - (b) Dewas
  - (c) Salboni
  - (d) Hoshangabad
- State whether the following statements are True & False:
- (xi) FCCB is a bond denominated in a foreign currency issued by an Indian company which can be converted into shares of the Indian Company denominated in Indian Rupees,
- (xii) GDR's are sold primarily to institutional investors.
- (xiii) Savings are very high in developing countries and as a result the rate of Investment is very high.

- (xiv) Euro Commercial papers: These are short term money market maker securities usually issued at a discount, for maturity in less than one year.
- (xv) NSE means: National stock Exchange.
- (xvi) FDI upto 49% is permitted in insurance sector
- (xvii) Japanese Currency is Yen.
- (xviii) Exchange rates are fixed and cannot change.
- (xix) CP is a short term unsecured promissory note issued by high quality corporate bodies directly to investors to fund their business activities.
- (xx) Capital Market instruments are shares and debt instruments

**Section - B**

15 × 2 = 30

Attempt **all** the questions each question carry **equal** marks:

- 2. Distinguish between Money Market and Capital Market,

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**OR**

Explain the Money market with details.

- 3. What are the types of Foreign Exchange Exposure.

**OR**

Write short notes on any three of the followings:

- 1. Risk Management
- 2. Options
- 3. Derivatives
- 4. Future Contracts

**Section-C** · 12½ × 4 = 50

Attempt **all** the questions each question carry equal marks:

- 4. What is Forward Market Hedge?

**OR**

What is matching?

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5. Discuss Strategies for Exposure Management.

**OR**

Write short notes on any **two** of the followings:

1. Foreign Exchange Market
2. Direct Quote
3. E-Commerce
4. Interest Rates Parity

6. Distinguish between Fixed & Floating Exchange Rate systems.

**OR**

Write short notes on any **two** of the followings:

1. FEMA
2. Spot Rate
3. Forward Rate
4. Indirect Quote

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7. Explain the term currency futures segment in a recognized Stock Exchange.

**OR**

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

1. Financial Risk
2. Business Risk
3. Default Risk
4. Equity derivatives market

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