

SEAT No. _____

No. of Printed Pages: 01

[1 & A-5] SARDAR PATEL UNIVERSITY
BBA (ITM) SEM:VII
2017

MONDAY, DECEMBER 4

10.00 A.M. to 12.00 P.M.

UM07EBBI07: FOREIGN EXCHANGE MANAGEMENT- I

Total Marks: 60

Note Figures to the right indicate marks of question.

Q:1 What is foreign exchange market? List out participants in the foreign exchange market. Explain salient features of foreign exchange market. [15]

OR

Q:1 Explain: [15]

- 1) The forward market
- 2) Cross rate of exchange
- 3) Interest arbitrage

Q:2 Discuss major factors determining foreign exchange rates. [15]

OR

Q:2 Discuss purchasing power parity theory of exchange rates. Compare it with international fisher effect. [15]

Q:3 What is foreign currency option? Explain call option and put option. Discuss features of currency option contract. [15]

OR

Q:3[A] What is a foreign exchange future? Explicate features of currency futures. [10]

[B] Write a brief note on "Financial Swap". [05]

Q:4 Explain techniques used for foreign exchange risk management. [15]

OR

Q:4 What is foreign exchange risk? Explain in detail types of foreign exchange exposures. [15]

*****X*****