

**MASTER OF BUSINESS ADMINISTRATION IN
FINANCIAL MARKETS
(MBAFM)**

Term-End Examination

June, 2013

MCT-076 : FOREX MARKETS

Time : 3 hours

Maximum Marks : 100

Note : (i) Answer any three questions from Part-A and any two from Part-B.

(ii) All questions carry equal marks.

PART-A

(Answer any three questions.)

1. Explain LIBOR/LIBID/LIMEAN and how they are calculated ? What are the applications of LIBOR ? Explain in detail. 20
2. What are the different types of foreign exchange transactions ? Give examples. How are they governed in India ? 20
3. (a) What is the difference between domestic business and international business ? 20
(b) Describe the advantages and disadvantages of the following methods in international business :
 - (i) Licensing
 - (ii) Joint Venture

4. (a) What are the different types of business integration ? Explain with examples. 20
(b) Do you think FDI in retail business will help in faster integration of retail business ? Give examples.
5. Write short notes on the following : 20
(a) Customer Relationship Management
(b) Dealing Room operations
6. (a) What are the conventions followed in the forex markets ? 20
(b) Describe the macro-economic factors that affect the forex markets.

PART-B

(Answer *any two* questions.)

7. (a) Forward margins arise out of interest rate differential between the concerned currencies - Explain how ? 20

- (b) Work out the 3 month forward rate for exporters and importers given the following details :

USD/INR spot 55.27/29

Spot/3 Months 65/67 P

Bank's margin 4P

8. (a) Describe the features of Interest Rate Swaps. 20

- (b) Given the following details work out an Interest Rate Swap sharing the benefit in the ratio of 1 : 1 : 2 among company A, B and Swap Bank.

Corporate	Fixed	Floating	Preference
A	6% p.a	LIBOR	Floating
B	8% p.a	LIBOR+100	Fixed

9. (a) Distinguish between D/A and D/P bills for collection. What documents are covered there in ? 20

(b) The following rates are available in the market :

Spot US\$ 1 = Rs 55.7800 - 55.7900

1£ = US\$ 1.5285 - 1.5290

If an Indian importer requires pounds 100,000 to retire a sight bill under collection what rate will the bank quote and what rupee amount will be debited to his account ?

Exchange margin by bank - 2 paise.
