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# PRESIDENCY UNIVERSITY

## BENGALURU

### Mid - Term Examinations – October 2025

**Date:** 09-10-2025

**Time:** 11.45am to 01.15pm

|                             |                                      |                       |
|-----------------------------|--------------------------------------|-----------------------|
| <b>School:</b> SOC/SOM-UG   | <b>Program:</b> BCOM                 |                       |
| <b>Course Code:</b> COM3046 | <b>Course Name:</b> Forex Management |                       |
| <b>Semester:</b> V          | <b>Max Marks:</b> 50                 | <b>Weightage:</b> 25% |

| <b>CO - Levels</b> | <b>CO1</b> | <b>CO2</b> | <b>CO3</b> | <b>CO4</b> | <b>CO5</b> |
|--------------------|------------|------------|------------|------------|------------|
| <b>Marks</b>       | <b>24</b>  | <b>26</b>  | -          | -          | -          |

**Instructions:**

- (i) *Read all questions carefully and answer accordingly.*
- (ii) *Do not write anything on the question paper other than roll number.*

### Part A

**Answer ALL the Questions. Each question carries 2 marks.**

**5Q x 2M=10M**

|   |   |         |    |     |
|---|---|---------|----|-----|
| 1 | Define foreign exchange.                              | 2 Marks | L1 | CO1 |
| 2 | Differentiate between interbank and merchant rates.   | 2 Marks | L1 | CO1 |
| 3 | List two types of derivatives used in forex markets.  | 2 Marks | L1 | CO1 |
| 4 | Define Purchasing Power Parity (PPP) theory           | 2 Marks | L2 | CO2 |
| 5 | Mention two key assumption of the Asset Market Model. | 2 Marks | L2 | CO2 |

### Part B

**Answer ALL the Questions. Each question carries 10 marks.**

**4Q x 10M=40M**

|           |  |          |    |     |
|-----------|--|----------|----|-----|
| 6.        | Critically evaluate the effectiveness of hedging in managing exchange rate risk. | 10 Marks | L2 | CO2 |
| <b>Or</b> |  |          |    |     |
| 7.        | Discuss various techniques of forecasting exchange rates.                        | 10 Marks | L2 | CO2 |

|           |  |          |    |      |
|-----------|--|----------|----|------|
| 8.        | Discuss the role and importance of forex reserves for a country's economy.       | 10 Marks | L1 | CO 1 |
| <b>Or</b> |  |          |    |      |
| 9.        | Explain in detail the various types of financial derivatives and their features. | 10 Marks | L1 | CO 1 |

|           |  |          |    |      |
|-----------|--|----------|----|------|
| 10.       | Explain the Purchasing Power Parity theory of exchange rate determination with examples. | 10 Marks | L2 | CO 2 |
| <b>Or</b> |  |          |    |      |
| 11.       | Compare the Flow Model and Asset Market Model in determining exchange rates.             | 10 Marks | L2 | CO 2 |

|           |  |          |    |      |
|-----------|--|----------|----|------|
| 12.       | Differentiate between Forward Contracts and Future Contracts with suitable examples. | 10 Marks | L1 | CO 1 |
| <b>Or</b> |  |          |    |      |
| 13.       | Explain the significance of foreign exchange in international trade.                 | 10 Marks | L1 | CO 1 |