



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.														
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Mid - Term Examinations – October 2025

Date: 09-10-2025

Time: 11.45am to 01.15pm

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

CO - Levels	C01	C02	C03	C04	C05
Marks	24	26	-	-	-

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	C01
2	Differentiate between interbank and merchant rates.	2 Marks	L1	C01
3	List two types of derivatives used in forex markets.	2 Marks	L1	C01
4	Define Purchasing Power Parity (PPP) theory	2 Marks	L2	C02
5	Mention two key assumption of the Asset Market Model.	2 Marks	L2	C02

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	CO 2
Or				
7.	Discuss various techniques of forecasting exchange rates.	10 Marks	L2	CO 2

8.	Discuss the role and importance of forex reserves for a country's economy.	10 Marks	L1	CO 1
Or				
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
Or				
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
Or				
13.	Explain the significance of foreign exchange in international trade.	10 Marks	L1	CO 1