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PRESIDENCY UNIVERSITY
BENGALURU

End - Term Examinations - December 2025

Date: 15-12-2025

Time: 1.00pm to 04.00pm

School: SOC / SOM (UG)	Program: B.Com	
Course Code: COM3046	Course Name: Forex Management	
Semester: V	Max Marks: 100	Weightage: 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	20	20	20	20	20

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 2marks.

10Q x 2M=20M

1.	State any two advantages of using forward contracts in foreign exchange.	2 Marks	L1	C01
2.	What is meant by hedging in foreign exchange?	2 Marks	L1	C01
3.	What is a call option?	2 Marks	L1	C02
4.	State one similarity between futures and forward contracts.	2 Marks	L1	C02
5.	What is meant by risk shifting?	2 Marks	L1	C03
6.	What is exposure offsetting?	2 Marks	L1	C03
7.	Mention any two advantages of currency swaps.	2 Marks	L1	C04
8.	Define Foreign exchange.	2 Marks	L1	C04
9.	List out some examples for Forex reserves.	2 Marks	L1	C03
10.	Mention any 2 significances of Foreign Exchange.	2 Marks	L1	C04

Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	Describe various internal strategies used by firms to manage foreign exchange risk. How do shifting, sharing, and netting techniques minimize exposure?	07 Marks	L2	CO1
Or				
12.	Illustrate how exposure netting and offsetting can reduce overall currency risk for a multinational corporation. Support your answer with an example.	07 Marks	L2	CO1
Or				
13.	Examine the factors influencing forward exchange rates. How do interest rate differentials and expectations about currency movements affect forward premiums or discounts?	07 Marks	L2	CO2
Or				
14.	Describe the procedure for extension and cancellation of a forward exchange contract. Evaluate the implications of such actions for a business.	07 Marks	L2	CO2
Or				
15.	Describe the Purchasing Power Parity (PPP) Theory. How does it help in explaining changes in exchange rates?	07 Marks	L2	CO3
Or				
16.	Explain the difference between Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) with examples.	07 Marks	L1	CO3
Or				
17.	Explain the different types of exchange rates with examples — Interbank Rate, Merchant Rate, Spot Rate, and Forward Rate.	07 Marks	L1	CO4
Or				
18.	Describe the structure and functions of the FOREX Market. Who are the main participants in it?	07 Marks	L2	CO4
Or				
19.	Differentiate between Forward Contracts and Futures Contracts.	07 Marks	L2	CO2
Or				
20.	Explain how forward contracts help in hedging exchange rate risk.	07 Marks	L1	CO2

Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	Explain the meaning and importance of foreign exchange markets. Describe the main participants like dealers, brokers, and customers with examples.	15 Marks	L2	CO1
Or				
22.	A company in India exports goods worth USD 10,000 to the USA. The exchange rate is ₹83 per USD. <ul style="list-style-type: none">• What is foreign exchange?	15 Marks	L2	CO2

	<ul style="list-style-type: none"> • Explain how changes in exchange rate will affect the exporter. • Suggest two ways to reduce this risk. 			
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23.	Analyse the different types of exchange rates (spot, forward, interbank, TT rates) with examples.	15 Marks	L3	C03
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24.	Write short notes on: (a) Extension and cancellation of forward contracts (b) Factors influencing forward rates	15 Marks	L2	C04
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25.	Critically analyze the Purchasing Power Parity (PPP) and Interest Rate Parity (IRP) theories in simple terms.	15 Marks	L3	C05
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