(6 pages) **Reg. No. :** ....

Code No. : 5955 **Sub. Code : HBAE 45**

M.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2015.

Fourth Semester

Business Administration

Elective — TREASURY AND RISK MANAGEMENT

(For those who joined in July 2012 and afterwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. In foreign exchange contract, the difference between buying price and selling price is ————

   (a) Swap (b) Spread

   (c) Spot Rate (d) Option

2. A systematic record of all economic transaction between countries is

   (a) Balance of Trade

   (b) Monetary system

   (c) Balance of payment

   (d) Balance sheet

3. The acceptance of foreign exchange risk is ————

   (a) Speculation (b) Hedging

   (c) Arbitrage (d) Future contract.

4. In which contract the exact date of delivery is not fixed

   (a) Forward contract (b) Option control

   (c) Hedging (d) arbitrage.

5. 'DHANYA' – is belonging to

   (a) Foreign Exchange contract

   (b) Commodity Index of NCDEX

   (c) Derivatives of BSE

   (d) NSE Nifty Index

6. Lag Means:

(a) Postponing the payment of foreign currency

(b) Accelerating payment of foreign currency

(c) Parity

(d) None of these

7. Charting is used in

(a) Fundamental analysis

(b) Maket – based analysis

(c) Technical analysis

(d) Hedging

8. Translation exposure includes

(a) Current Rate method

(b) Non-Current method

(c) Temporal method

(d) All of the above

9. Cocktail bonds are denominated in

(a) US dollar (b) Japanese yen

(c) Euro (d) INR

10. Sale and purchase of currency where currencies are delivered at a future date is

(a) Forward contract (b) Future contract

(c) Hand currency (d) Flat money

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Why should corporate finance manager monitor BOP developments?

Or

(b) State the responsibilities of finance manager.

12. (a) Explain the major features of future contract.

Or

(b) Explain the techniques of real operating exposure.

13. (a) How do exporters hedge in the market for currency option.

Or

(b) What is marking to the market? Explain with example?

14. (a) Explain the benefits of FDI.

Or

(b) Describe the benefits according to issues of euro-equities.

15. (a) What are the features of –floating rate swap?

Or

(b) State the concept of transfer pricing.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) How are the transactors finalised in the market for currency futures?

Or

(b) What is Balance of Payment and state its components.

17. (a) State the techniques adopted for the hedging of transaction exposure.

Or

(b) Do the different methods of translation arrive at different sizes of translation exposure? Explain.

18. (a) Explain the mechanism of Commodity derivatives trading in India.

Or

(b) How do the speculators operate in the market for currency option

19. (a) Describe the different modes of FDI and Explain FDI Strategies.

Or

(b) Discuss various types of international bonds and State the procedures of issue.

20. (a) What is international cash management? Discuss steps in management of cash and near cash assets.

Or

(b) Explain different forms of political risk? How it is managed?

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