G.V.M.'s Gopal Govind Poy Raiturcar College of

Commerce and Economics, Ponda Goa.

M.Com. Semester -III End Examination, November 2023

COM 625: Treasury and Forex Management

Duration: 2 Hours   Total Marks: 40

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Instructions: *1) This paper consists of **six** questions carrying **equal** marks.*
*2) Question No. **1** consists of **5 compulsory** questions of **2 marks each**.*
*3) Answer **any three** questions from Q. No. **2,3,4,5 and 6**.*
*4) Each question carries 10 marks. Figures to the **right** indicate marks.*

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1. **Answer the following.**   **(5x2=10)**

   a) What are the objectives of treasury management?

   b) Distinguish between Current Yield and Yield to Maturity.

   c) How do currency swap work?

   d) Describe hedging as risk management strategy.

   e) What is stop loss limit?

2. Explain the process of treasury management with respect to its organizational structure.

                                                                       (10 marks)

3. **Solve the Following.**   **(2x5=10)**

   i.   Mr. X got into a long position in HDFC Bank Future Contract on 9th October for ₹ 1535 and sold for ₹ 1575. The details are as follows:

Dates	Closing prices
9th October 2023	1531
10th October 2023	1542
11th October 2023	1553
12th October 2023	1564
13th October 2023	1547

Lot size is = 550, Span Margin= 7.5% & Exposure Margin 5.0%. Calculate M2M of Mr. X from 9th oct. to 13th oct. and profit made by him on this contract.

ii.   You hold ₹ 2 lakh shares of Y ltd. whose market price standard Deviation is 20% P.A. Assuming 252 trading days a year determine maximum loss level over a period of 1 trading day, 10 trading days and 30 trading days with 99% confidence level. Interpret the result.

4. Explain various types of money market instruments.   **(10 marks)**

5. Elaborate on organization of foreign exchange market in India.   **(10 marks)**

6. Answer the following.   **(2x5=10)**
   i.   What is covered interest rate arbitrage.
   ii. Discuss currency pairs and currency quotes.