

Registration Number:

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**ST.JOSEPH’S UNIVERSITY, BENGALURU -27**

**M.COM– III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**MCODEF9420: Risk Management and Forex Management**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 50**

**This paper contains TWO printed pages and THREE parts**

**Section A**

I. Answer any **TWO** of the following  **(2 X 5 = 10 marks)**

1. Explain the Purchasing power parity Theory.
2. Briefly explain caps & floors.
3. State the currency for the following countries:
4. Japan
5. South Africa
6. China
7. Thailand
8. Switzerland

**Section B**

II. Answer any **two** of the following (**2 x 15 = 30 marks)**

1. What are the different types of risks that organizations and individuals commonly encounter in the realm of finance and business, and how do they vary in terms of their characteristics and potential impact?
2. What is the Altman Z-score of a public company with the following financial information, and does it indicate financial distress or stability?

Total assets: ₹50,00,000

Total liabilities: ₹32,00,000

Working capital: ₹8,00,000

Retained earnings: ₹6,00,000

Earnings before interest and taxes (EBIT): ₹12,00,000

Market value of equity: ₹14,00,000

Sales: ₹45,00,000

1. What are the key factors that influence foreign exchange (Forex) rates, and how do they contribute to the fluctuations and movements in currency exchange rates in international markets?

**Section C**

III. **Answer the following (1 X 10 = 10 marks)**

1. Explain the concept of the Balance of Payments (BoP) and its three main components. Illustrate how a country can experience a surplus or deficit in its BoP, and discuss the potential implications of each on its exchange rate and economic stability. ( 5 marks)
2. Discuss the role of the Current Account and Capital Account in a country's Balance of Payments. Provide examples of transactions that would be categorized under each of these accounts, and explain how they contribute to a country's BoP equilibrium or imbalance. ( 5 marks)

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