

**FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY)**

21PIB311

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

M.Com-International Business

MAXIMUM MARKS: 70

III SEMESTER

TIME: 3 HOURS

FOREIGN EXCHANGE MANAGEMENT

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. The statutory basis for the administration of foreign exchange in India is _____.
a) Conservation of Foreign Exchange and Prevention of Smuggling Act
b) Foreign Exchange Management Act, 1999
c) Exchange Control Manual
d) Foreign Exchange Regulation Act, 1973
2. Foreign exchange transactions involve monetary transactions _____.
a) Among residents of the same country b) Between residents of two countries only
c) Between residents of two or more countries d) Among residents of at least three countries
3. The acronym SWIFT stands for _____.
a) Safety Width in Financial Transactions
b) Society for Worldwide International Financial Telecommunication
c) Society for Worldwide Interbank Financial Telecommunication
d) Swift Worldwide Information for Financial Transactions
4. The maxim 'buy low; sell high' is applicable for _____.
a) Quotation of pound-sterling b) indirect rates
c) direct rates d) US dollars
5. An investor looking at reducing his risk is known as _____.
a) Speculator b) Hedger c) Arbitrageur d) Trader

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. What is meant by foreign exchange rate?
7. Where is FEMA applicable in India?
8. What are the permitted purposes for undertaking spot transactions?
9. What is LIBOR?
10. What are the consequences of on early cancellation of forward contract?

(CONTD....2)

SECTION – B**(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Explain the functions of foreign exchange department of Reserve Bank of India.
(OR)
b) Assess the features of FEMA?
12. a) Describe the different types of foreign exchange accounts?
(OR)
b) Examine two-way quotations in forex market.
13. a) Explain flexible exchange rate. What are the advantages of flexible exchange rate system ?
(OR)
b) Analyse the uses of foreign currency options?
14. a) State the significance of cover deals in foreign exchange market
(OR)
b) Appraise the types of Swaps.
15. a) Write a note on interbank dealings
(OR)
b) Describe on arbitrage and how does it work?

SECTION – C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.****(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)****(K4) OR (K5)**

16. Describe the general features of exchange foreign market.
17. Explain the factors that determine the exchange rate.
18. Explain the various objectives and methods of exchange control in India.
19. Describe the features of forward exchange contract.
20. How risky is forex trading and what are the risks involved?
21. Foreign exchange rate in a country is on the rise recently. What impact is it likely to have on exports and how?