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SEAT No. :

**P2177**

[Total No. of Pages : 3

[5804]-504

**T.Y.B.B.A. - IB**

**504 : FOREIGN EXCHANGE MANAGEMENT**

**(2019 Pattern) (Semester - V)**

*Time : 2½ Hours]*

*[Max. Marks : 70*

*Instructions to the candidates:*

- 1) *All questions are compulsory.*
- 2) *Figures to the right indicates full marks.*

**Q1) A) Multiple choice questions:**

**[5]**

- a) A foreign currency account maintained by a bank abroad is it \_\_\_\_\_ account.
  - i) nostro
  - ii) vostro
  - iii) loro
  - iv) foreign bank account
- b) An authorized person under FEMA does not include \_\_\_\_\_.
  - i) an authorized dealer
  - ii) an authorized money charger
  - iii) an offshore banking unit
  - iv) an exchange broker
- c) The market forces influencing the exchange rate are not fully operational under \_\_\_\_\_.
  - i) floating exchange rate system
  - ii) speculative attack the market
  - iii) fixed exchange rate system
  - iv) all of the above

***P.T.O.***

- d) The reduction in the value of a currency due to market forces is known as \_\_\_\_\_.
- i) revaluation
  - ii) depreciation
  - iii) appreciation
  - iv) none of the above
- e) The selling rate is also known as \_\_\_\_\_.
- i) Bid rate
  - ii) Offer rate
  - iii) Spread
  - iv) None of the above

B) Match the following: [5]

- |                       |                                    |
|-----------------------|------------------------------------|
| a) Loro account       | i) Foreign currency quotation      |
| b) Indirect Quotation | ii) 29 <sup>th</sup> December 1999 |
| c) FEMA               | iii) Their account with them       |
| d) Hedging            | iv) determined by demand & supply  |
| e) Flexible rate      | v) risk management strategy        |

C) One sentence: [5]

- a) Which type of foreign exchange system does India have?
- b) What does the acronym SWIFT stand for?
- c) What is meant by spot transactions?
- d) What is meant by TT selling rate
- e) What does the acronym FEMA stand for?

- D) Fill in the blanks: [5]
- a) Under \_\_\_\_\_ system exchange rate is freely determined by the market with no interference from central authority.
  - b) NEER stands for \_\_\_\_\_.
  - c) \_\_\_\_\_ of currency is the fall in the value of domestic currency in relation to foreign currency.
  - d) \_\_\_\_\_ are a hedging tool where two parties exchange currency.
  - e) FEMA has replaced \_\_\_\_\_.

**Q2)** Answer the following questions in detail. (any 3 out of 5): [30]

- a) What is meant by foreign exchange management explain its objectives in detail.
- b) What is meant by 'managed exchange rate'? Explain its advantages & limitations.
- c) Explain in detail the functions of foreign exchange market.
- d) Write in detail about techniques of exposure management.
- e) Write in detail about various foreign currency accounts.

**Q3)** Write short notes (any four out of six): [20]

- a) Fema - Features & importance.
- b) Spot transactions.
- c) TT buying rate.
- d) Multinational banking.
- e) SWIFT payment system.
- f) Exchange control.

