

Total No. of Questions : 3]

SEAT No. :

P1946

[Total No. of Pages : 3

[6035]-504

T.Y.B.B.A. (International Business)
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 right indicate full marks.*

Q1) A) Multiple choice questions. [5]

- a) A fixed exchange rate
 - i) is determined by the national governments involved
 - ii) remains extremely stable over long periods of time
 - iii) is determined by the actions of central banks
 - iv) is allowed to vary according to market forces
- b) Example of derivative securities includes
 - i) Swap contract
 - ii) Option contract
 - iii) Futures contract
 - iv) All of above
- c) The _____ company produces, markets, invests and operates within the country.
 - i) Domestic
 - ii) International
 - iii) Transnational
 - iv) None of the above
- d) Authorized dealers in foreign exchange
 - i) Central banks
 - ii) Speculators
 - iii) Arbitrators
 - iv) All of the above
- e) FEMA was found in the year
 - i) 1974
 - ii) 1999
 - iii) 1948
 - iv) 1956

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- B) Match the pairs [5]
- | A | B |
|--------------------------|---|
| a) Currency overdrafts | i) Trade beyond national boundaries |
| b) FERA | ii) External techniques of exposure management |
| c) SWIFT payment systems | iii) Conversion of foreign currency sent to India |
| d) TT buying rate | iv) SWIFT code |
| e) International company | v) Regulates payments and foreign exchange in India |
- C) Answer in one sentence. [5]
- a) Define forward rate.
 - b) Give 2 factors affecting globalization.
 - c) What is the full form of SWIFT?
 - d) What is meant by indirect quotation?
 - e) Mention any two external methods of exchange control
- D) Fill in the blanks. [5]
- a) Loro stands for _____
 - b) FEMA came into existence after _____
 - c) _____ an account that a correspondent bank holds on behalf of another bank.
 - d) _____ is the strategy of exploiting price disparity in the forex market.
 - e) International business is business between _____ or more countries.

Q2) Long answer questions. (Attempt any 3 out of 5)

[30]

- a) Explain in detail objectives and role of forex market.
- b) Define exchange rate. Explain in detail the fixed, flexible and managed rates.
- c) Explain in detail the SWIFT payment systems.
- d) Explain meaning and importance of merchant rates.
- e) Explain the salient features of FEMA.

Q3) Write short notes (Attempt any 4 out of 6) :

[20]

- a) Convertibility of rupees on current account
- b) Spot rate
- c) Exchange quotations
- d) Foreign exchange risk
- e) Internal techniques of exposure management
- f) Administration of foreign exchange

