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Sl.No.

Total No. of Pages : 2

IV Semester M.Com Degree Examination, June/July - 2017
(Choice Based Credit System)
COMMERCE
SC : Foreign Exchange Management

Time : 3 Hours   **Max. Marks : 70**

SECTION - A

Answer any FIVE questions. Each question carries 5 marks.   **[5 × 5 = 25]**

1. Differentiate between Fixed Exchange Rate and Floating Exchange Rate.

2. Which source of foreign exchange is the best? Give reasons.

3. What are the positive impacts of FDI for the host country?

4. Distinguish between Authorized Dealers and Money Changers.

5. What is 'Locational Advantage' in the context of foreign capital flows?

6. Explain Vostro, Nostro and Loro accounts.

7. What do you understand by Home Currency Quotation?

8. Calculate AUD/INR Cross rates from the following

    USD/INR in Mumbai 66.7500/8500

    USD/AUD in Sydney 1.4500/4600

                                                        P.T.O.

SECTION - B

Answer any THREE questions. Each question carries 10 marks.   [3 × 10 = 30]

9.   Analyse the interrelationship between Exchange Rate, Interest Rate and Inflation.

10. Discuss the important factors that contribute to greater inflow of foreign capital.

11. Illustrate with example a forward contract in foreign exchange and discuss the advantages of such a contract? https://www.uomonline.com

12. Examine the utility of Currency Swap and Home Currency Payment as a method of import payment.

13. Discuss the factors to be considered in pricing of products for export.

SECTION - C

Answer the following questions. It carries 15 marks.   [1 × 15 = 15]

14. Your export customer tenders you a sight bill denominated in US $ for value 350,000. He wants to retain 20% of the value in foreign exchange and exchange the remaining for INR immediately. US bills generally have a transit period of 15 days. The FEDAI permit banks to load an exchange margin up to 0.070 percent and cushion up to 0.005 percent. Your processing charges are 0.01 percent.

The prevailing exchange rates are Spot: 66.7575/7585; 1 Month: 7585/7595; 2 Months : 7595/7600

Quote your best rate and calculate the rupee amount payable to your customer.

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