



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2017

CO 5411 - PRINCIPLES OF FOREX MANAGEMENT

Date: 15-11-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART A

ANSWER ALL THE QUESTIONS.

10X2 = 20 Marks

1. What is meant by the term “Foreign Exchange”.
2. Differentiate FEMA with FERA.
3. What is meant by swap operation?
4. Mention any four Acts, relating to Foreign Exchange.
5. Draw a diagram indicating the different levels of participants in foreign exchange market.
6. Write note on “FDI”.
7. What is a Forward contract?
8. Mention the three methods of Exchange Control.
9. Why customer service strategy is required for marketing foreign exchange?
10. When ‘economic exposure’ will arise in foreign exchange?

PART B

ANSWER ANY FOUR QUESTIONS,

4X10 = 40 Marks

11. What is forward rate agreement? Illustrate with an example.
12. Narrate any five methods of payments in international trade.
13. Briefly explain the functions of Foreign Exchange department of RBI?
14. Briefly explain the features of futures contract.
15. Distinguish between Forward contracts and Future contracts.
16. Briefly explain the participants of Forex market.
17. Briefly explain the different types of interest rate risk

PART C

ANSWER ANY TWO QUESTIONS.

2X20 = 40 Marks

18. Explain the administrative set up of Foreign Exchange Management Act.
19. Explain the methods by which the transaction exposure can be hedged
20. Explain the factors influencing the foreign exchange rates.
21. Explain the different types of risks involved in international business and state the risk management process.
