



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2015

CO 5411 - PRINCIPLES OF FOREX MANAGEMENT

Date : 14/11/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

Part A

Answer all the questions

(10 X 2 = 20 marks)

1. If you are an Indian resident wishing to travel abroad on pleasure trip, Whom will you approach for your foreign exchange requirements?
2. Define 'Hedging'.
3. Differentiate Hedging from Speculation.
4. What is a tick?
5. What is Marking to Market ?
6. Expand FEMA and FERA.
7. Who is administering the FEMA in India?
8. How many categories of authorised dealers are there under FEMA? Who are they?
9. What is called Triffin paradox?
10. What is called pegging the value of a currency?

Part B

Answer any four the questions

(4X 10 = 40 marks)

11. Explain the respective roles played by different categories of authorised dealers of foreign exchange in India.
12. Discuss the desirability of making rupee fully convertible on current account.
13. What are special drawing rights? Explain their utility.
14. Explain the features of Futures contract.
15. Define and distinguish : (a) Nostro, (b) Vostro and (c) Loro accounts.
16. What is overtrading risk to a dealer in foreign exchange? How is it managed?
17. Differentiate between exchange exposure and exchange risk.

Part C

Answer any two the questions

(2 X 20 = 40 marks)

18. Enumerate the functions of foreign exchange department of an authorised dealer bank.
19. What are the advantages and disadvantages of fixed exchange rates? Do you consider a return to the fixed exchange rate is desirable?
20. Discuss the major factors that influence the exchange rate of a currency.
21. Explain the types of Exposures a firm may face in International trade.
