



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2014

CO 5411 - PRINCIPLES OF FOREX MANAGEMENT

Date : 12/11/2014
Time : 09:00-12:00

Dept. No.

Max. : 100 Marks

PART-A

Answer **ALL** questions:

(10 x 2 = 20 Marks)

1. Define exchange rate.
2. What is the Favourable balance of trade?
3. Who are the participants in foreign exchange markets?
4. List out any four features of foreign exchange markets.
5. What do you understand by foreign exchange control?
6. What is FDI?
7. What is the Bi-lateral Exchange Rate?
8. Define law of one price.
9. Write a short note on Transaction exposure.
10. What is American quotation and European quotation?

PART-B

Answer any **FOUR** questions:

(4 x 10 = 40 Marks)

11. Explain the components of current accounts. What are the impacts of current account on the balance of payment?
12. What are the factors determining the exchange rates? Explain briefly.
13. Elucidate the role of commercial banks in foreign exchange market.
14. Explain the level of FDI in Airports, Telecom, Insurance, Petroleum and Defence industries in India.
15. What are the impact of exchange rate fluctuation on foreign trade, investment and travel?
16. Give details on the different types of foreign exchange quotations in interbank market. How do you take an investment decision in the forex market by using different types of quotations?
17. What are the impact of FII on import & export, Exchange rates and stock markets in India?

PART - C

Answer any **TWO** questions:

(2 x 20 = 40 Marks)

18. Explicate the functions of foreign exchange department of RBI.
19. Explain an automatic route and the approved route of FDI in India. What are the merits and demerits of the FDI in India?
20. Explain the different types of risks in foreign exchange markets. Describe the risks controlling mechanism in forex markets.
21. Describe the various theories of exchange rates determinations.

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