


Name:			
Enrolment No:			
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2022			
Course : FOREIGN EXCHANGE MANAGEMENT		Semester : 3	
Program : B.COM LLB		Time : 03 hrs.	
Course Code: FINC 2069		Max. Marks: 100	
Instructions:			
SECTION A (5Qx2M=10Marks)			
S. No.		Marks	CO
1	A source of supply of foreign exchange is _____ A. Imports B. Exports C. Donations D. Gifts	2	CO1
2	Exchange rate entail delivery of trade currency within two business days know as A. forward rate B. future rate C. spot rate D. bid rate	2	CO1
3	Define Foreign Exchange Management.	2	CO1
4	If portable device made in India are imported into the United States, the Indian manufacturer is paid with _____ A. euros B. dollars C. international monetary credits D. rupees	2	CO1
5	Currency Swap is a method of A. Hedging against Foreign Exchange Risk B. Speculating in Foreign Exchange C. Mode of Payment in International Trade D. None of the above	2	CO1
SECTION B (4Qx5M= 20 Marks)			
6	Differentiate between Stock Market and Forex Market.	5	CO4
7	How Government Controls influence the Foreign Exchange Rates. Explain with examples.	5	CO4

8	Differentiate between Forward Transactions and Future Transactions.	5	CO4
9	Define Spot Transactions. Using Examples	5	CO4
SECTION-C (2Qx10M=20 Marks)			
10	Explain Factors Affecting Demand and Supply for Foreign Exchange Rate in India.	10	CO5
11	How Swap Transaction works. Explain using Examples.	10	CO5
SECTION-D (2Qx25M=50 Marks)			
12	<p>Define PPP theory. Identify PPP Rate for the following two situations calculate PPP Rate:</p> <p>A. Samsung offers smartphone in India for Rs 10900 and in the US, it offers for the same smartphone for \$250, So from the above information, calculate exchange rate as per purchasing power parity. Assuming 1USD: 60 INR</p> <p>B. Company ABC having its business of Garments in US and Britain. In the US they sell one T-shirt of \$8 and in Britain they sell the same T-shirt for \$10, from above information calculate the purchasing power parity with the help of the exchange rate. Exchange Rate \$1 = 0.8 pounds</p> <p>After calculating both the above numerical, identify the impact on Demand, Supply and Prices in both the different markets assuming no changes in other costs.</p>	25	CO3
13	Write down the Motives for Internationalisation of Financial Markets.	25	CO3