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| Name: |  |
| Enrolment No: | |

UPES
End Semester Examination, December 2023

Course: Foreign Exchange management in banking operations **Semester: III**
Program: B.Com E.COM/B&I **Time : 03 hrs.**
Course Code: FINC2048P **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

| S. No. | | Marks | CO |
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| Q 1 | <ol style="list-style-type: none"> 1. When is an organization required to submit an annual return of foreign contributions under FCRA? <ol style="list-style-type: none"> a) Within 30 days of the end of the financial year. b) Within 90 days of the end of the financial year. c) Within 180 days of the end of the financial year. d) There is no requirement to submit an annual return 2. Under a system of floating exchange rates, the value of a currency is primarily determined by: <ol style="list-style-type: none"> a) Government interventions. b) Gold reserves. c) Supply and demand in the foreign exchange market. d) Fixed exchange rate agreements. 3. Which of the following transactions falls under the capital account as per FEMA? <ol style="list-style-type: none"> a) Import of goods. b) Export of services. c) Purchase of foreign securities. d) Receipt of foreign remittances 4. FEDAI issues guidelines related to: <ol style="list-style-type: none"> a) Monetary policy. b) Capital market regulations. c) Exchange rate management. d) Agricultural exports. 5. Traveler's cheques are widely accepted because: <ol style="list-style-type: none"> a) They are immune to fraud. b) They are considered legal tender. c) They are issued by governments. d) They require a signature for redemption. | 2 *10 | CO1 |

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| | <p>6. What is the main objective of the Liberalized Remittance Scheme?</p> <ol style="list-style-type: none"> To restrict capital outflows. To promote foreign investments in India. To facilitate ease of doing business. To provide individuals with a mechanism for diversifying their assets globally <p>7. Which of the following is typically included in the current account of the Balance of Payments?</p> <ol style="list-style-type: none"> Foreign direct investments. Government grants. Capital transfers. Changes in official reserves. <p>8. In the context of the Balance of Trade, a trade surplus is likely to:</p> <ol style="list-style-type: none"> Strengthen the domestic currency. Weaken the domestic currency. Have no impact on the exchange rate. Lead to fixed exchange rates. <p>9. Who are the primary participants in the money market?</p> <ol style="list-style-type: none"> Retail investors Large corporations Central banks and financial institutions Individual borrowers <p>10. If the direct quotation for USD/JPY increases from 110 to 120, what does this indicate?</p> <ol style="list-style-type: none"> The U.S. Dollar has weakened against the Japanese Yen. The U.S. Dollar has strengthened against the Japanese Yen. There is no change in the exchange rate. The Japanese Yen has weakened against the U.S. Dollar. | | |
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SECTION B

4Qx5M= 20 Marks

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| Q 2. | Explain the significance of FCRA in the context of foreign contributions in India. | 5 | CO2 |
| Q 3. | Explain the concept of MAXIM buy Low & Sell high with the help of an example. | 5 | CO2 |
| Q 4. | What role do central banks play as participants in the foreign exchange market? | 5 | CO1 |
| Q 5. | What is the role of brokers in the foreign exchange market, and how do they facilitate transactions between participants? | 5 | CO3 |

SECTION-C

3Qx10M=30 Marks

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| Q 6. | Explore the implications of non-compliance with FEMA regulations in the context of cross-border transactions, and highlight the measures that | 10 | CO4 |
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| | businesses can adopt to ensure legal and regulatory compliance under FEMA. | | | | | | | | | | | | | | |
| Q 7. | How does the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network contribute to international money transfers, and what benefits does it offer compared to traditional methods? | 10 | CO3 | | | | | | | | | | | | |
| Q 8. | Explain what is meant by a premium and a discount, and how these terms relate to the prevailing interest rates. | 10 | CO2 | | | | | | | | | | | | |
| SECTION-D 2Qx15M= 30 Marks | | | | | | | | | | | | | | | |
| Q 9. | Explore the global acceptance of traveler's cheques and how different countries or regions may have varying procedures for issuance and encashment. What challenges or considerations arise in cross-border transactions involving traveler's cheques? | 15 | CO4 | | | | | | | | | | | | |
| Q 10. | <p>Bombay on London is quoted as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Spot</td> <td style="width: 33%;">£ 6.6430</td> <td style="width: 33%;">6.6475</td> </tr> <tr> <td>1 Month</td> <td>1.5</td> <td>2.0 dis</td> </tr> <tr> <td>2 Month</td> <td>1.75</td> <td>2.25 dis</td> </tr> <tr> <td>3 Month</td> <td>2.25</td> <td>2.75 dis</td> </tr> </table> <p>Calculate 1 month, 2 month and 3-month forward rates</p> | Spot | £ 6.6430 | 6.6475 | 1 Month | 1.5 | 2.0 dis | 2 Month | 1.75 | 2.25 dis | 3 Month | 2.25 | 2.75 dis | 15 | CO4 |
| Spot | £ 6.6430 | 6.6475 | | | | | | | | | | | | | |
| 1 Month | 1.5 | 2.0 dis | | | | | | | | | | | | | |
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| 3 Month | 2.25 | 2.75 dis | | | | | | | | | | | | | |