



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com.DEGREE EXAMINATION –COMMERCE

FIFTH SEMESTER – APRIL 2019

CO 5411– PRINCIPLES OF FOREX MANAGEMENT

Date: 24-04-2019
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART A

ANSWER ALL THE QUESTIONS:

10X2 = 20 Marks

1. What is meant by “Foreign Exchange Management”?
2. What is mean by current account in Balance of Payment?
3. State any four Acts, relating to Foreign Exchange.
4. Why is FDI needed?
5. Distinguish between FEMA and FERA.
6. What is rate of exchange?
7. Mention the three methods of Exchange Control.
8. What is hedging?
9. What is ‘economic exposure’?
10. Differentiate Exposure with Risk.

PART B

ANSWER ANY FOUR QUESTIONS:

4X10 = 40 Marks

11. Briefly explain the determinants of Exchange rates.
12. Narrate any five methods of payments in international trade.
13. Explain the administrative set up of FEMA 1999?
14. Briefly explain the factors affecting foreign exchange rates.
15. Differentiate between FDI and FPI.
16. Highlight the role of commercial banks in foreign exchange.
17. Briefly explain the features of futures contract.

PART C

ANSWER ANY TWO QUESTIONS:

2X20 = 40 Marks

18. Explain transaction exposure and how is it managed.
19. Enumerate the effects of foreign investments on exchange rate.
20. Examine the factors influencing the exchange rates.
21. Explain the importance of foreign direct investment.
