

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – HONOURS****THIRD SEMESTER – NOVEMBER 2023****UBH 3505 – FOREX MANAGEMENT**

Date: 03-11-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION A - K1 (CO1)**Answer ALL the Questions****(10 x 1 = 10)****1. MCQ**

Letter of Credit is essential. Which among the following functions is suitable regarding the requirement of letter of credit:

- a) Importers and exporter regularly use letters of credit to protect themselves.
 b) Working with an overseas buyer can be risky because you do not necessarily know who you're working with.
 a) Buyer may be honest and have good intentions, but business troubles or political unrest can delay payment of seller.
 d) Communication can be difficult across thousands of miles and different time zones.
 e) All of The Above

- b) Letter of Credit are usually issued by:
 a) Banks b) Financial Institutions c) Both of Above d) None of The Above

- c) Which among the following definitions are wrong:
 a) Beneficiary - The company or individual who will receive the payment from buyer.
 b) Issuing Bank - The bank which issues letter of credit to seller party
 c) Advising Bank - (The bank where seller wants receipt of payment)
 d) All of The Above e) None of The Above

- d) Which among the following is correct about term 'Revocable' in Letter of Credit:
 a) If buyer and Issuing Bank that established the Letter of Credit manipulate the Letter of Credit.
 b) Any corrections made without informing or getting permission from the seller. c) All LCs are irrevocable (Type of LC is obsolete). d) All of The Above e) None of The Above

- e) A bill of lading is - A. a negotiable instrument; B. quasi – negotiable instrument;
 C. a non – negotiable instrument; D. non – transferable instrument

2. True or False

- a) Difficulty in finding counterparties with exactly offsetting requirements is a disadvantage of parallel loan
 b) Leading refers to advancing of payables
 c) Roll over forward contracts refer to contracts covering long exposure
 d) Bill buying rates are applicable to any transaction to which TT buying rate is not applicable
 e) India is facing continuous deficit in its balance of payments. In the foreign exchange market rupee is expected to depreciate

SECTION A - K2 (CO1)**Answer ALL the Questions****(10 x 1 =****10)****3. Expand**

- a) EXW

b)	CIP
c)	DAP
d)	CFR
e)	FOB
4.	Answer the following
a)	Associate Interest rate swap
b)	Describe Spreads
c)	Discuss Trading with reference to exchange management by banks
d)	Elaborate purchasing power parity theory
e)	Explain Gold standard
SECTION B - K3 (CO2)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
5.	Demonstrate the different variations of swap structure
6.	Discover ways managing transaction exposure
7.	Illustrate computation of forward rate and determination of forward margin
8.	Examine the mechanism of letter of credit
SECTION C – K4 (CO3)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
9.	Analyse the different loan instruments developed by IMF
10.	Illustrate in detail different settlement of Transactions and Transactions in forex markets
11.	Examine EXIM bank and its services in foreign trade
12.	Explore the importance of uniform customs and practices in documentary credits
SECTION D – K5 (CO4)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
13.	Discriminate International monetary systems
14.	Explain Foreign exchange market in Detail
SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
15.	Relate accounting of foreign currency Transaction
16.	Summarise nature of marine cargo insurance and types of losses in marine insurance

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