



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2016

CO 5411 - PRINCIPLES OF FOREX MANAGEMENT

Date: 29-04-2016
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART- A

ANSWER ALL THE QUESTIONS

(10X2=20 Marks)

1. Define Foreign Exchange.
2. Who are the major participants in Forex Market?
3. Name an Import item that is affected by Balance of Payments.
4. Expand OTC market.
5. What is called as Merchant rate?
6. Mention the two ways of Exchange quotations.
7. Expand FEDAI and explain.
8. Define Dollarisation.
9. What is called as Hot Money?
10. Which currency is used as an anchor currency in the original scheme of IMF?

PART- B

ANSWER ANY FOUR QUESTIONS

(4X10=40 Marks)

11. Describe the features of Futures contract.
12. Differentiate between Forward contract and Futures Contract.
13. What are foreign currency accounts? Distinguish between Nostro, Vostro and Loro accounts
14. Discuss the factors determining spot exchange rate.
15. Distinguish between depreciation and devaluation of a currency.
16. Narrate the salient features of a well-developed foreign exchange market.
17. What are the advantages of SWIFT?
18. Define Balance of Payment (BOP). What is its significance in foreign exchange rate determination?

PART -C

ANSWER ANY TWO QUESTIONS

(2X20=40 Marks)

19. Explain the functions of Foreign exchange market.
20. Explain Gold standards. Highlight the role of SDR in International Trade.
21. Discuss the objectives of Foreign Exchange Management Act, 1999
22. Discuss the pros and cons in Fixed and Floating exchange rates.
