

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY B.Com, Semester V, Semester End Examination, November 2023
Banking and Financial Services(DSE 4)
Foreign Exchange, Foreign Trade, and International Finance (UCOD116)

Duration: 2hrs

Max. Marks: 80

Instructions:

- 1) Start each question on a fresh page.
- 2) All questions are compulsory.
- 3) Figures to the right indicate maximum marks.
- 4) Answer sub-questions in Question No. 1 and Question No. 2 each in not more than 100 words.
- 5) Answer Question No. 3 to Question No. 6 each in not more than 400 words.

Q. 1. Write short notes on ANY FOUR of the following. (4x4=16)

- a) Describe any two participants of the foreign exchange market.
- b) Identify any two functions of the foreign exchange market.
- c) Extend any two features of the foreign exchange market.
- d) Distinguish between NRO and NRE (four points)
- d) Elaborate on International Financial Centres
- e) Discuss any two types of remittance.

Q. 2. Write short notes on ANY FOUR of the following. (4x4=16)

- a) Expand the term MIBOR.
- b) Extend the significance of EXIM bank.
- c) Examine the concept of loan syndication.
- d) Identify the role of interest in exchange rates.
- e) Elaborate on the concept of arbitrage operations.
- f) Extend the term forward rate.

Q. 3. A) Elaborate on the concept of exchange rate mechanisms. Explain Gustav's Purchasing Power Parity theory of exchange. (12)

OR

Q. 3. B) Define the terms fixed and flexible exchange rate. Discuss any three advantages and disadvantages of each. (12)

Q. 4. A) Identify the term post-shipment finance. Discuss any six types of post-shipment finance. (12)

OR

Q. 4. B) Elaborate on;

- (i) Eurocurrency market (6)
- (i) Asian currency market (6)

Q. 5. A) Appraise any eight types of Letter of Credit. (12)

OR

Q. 5. B) Discuss the concept of ECGC. Explain its role and objectives. (12)

Q. 6. A) Describe the factors influencing the rate of exchange. (12)

OR

Q. 6. B)) i. Elaborate on foreign exchange quotes and dealings of Indian banks. (6)

ii. Calculate the following cross rates, given the corresponding exchange rates. (6)

a. **AED/PKR:** (if $\text{AED/USD} = 3.67$ and $\text{PKR/USD} = 278.70$)

b. **JPY/THB:** (if $\text{THB/GBP} = 41.55$ and $\text{GBP/JPY} = 0.0054$)

c. **INR/AUD:** (if $\text{INR/USD} = 83.17$ and $\text{AUD/USD} = 1.56$)

d. **EUR/USD:** (if $\text{EUR/AED} = 0.26$ and $\text{AED/USD} = 3.67$)
