

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**TY B.Com, Semester V, Semester End Examination, January 2022**  
**Banking & Financial Services (DSE 4)**  
**Foreign Exchange, Foreign Trade and International Finance (COD 116)**

**Duration: 2hrs**

**Max. Marks: 80**

**Instructions:**

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

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

- a) What is the meaning of Flexible Exchange Rate?
- b) What is a Spot Rate?
- c) Write a short note on any one participant of the FOREX market.
- d) Explain any one type of NRI account.
- e) Write a note on International Financial Centres in India.
- f) Write a note on the Asian Currency Market.

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

- a) Write a note on MIBOR.
- b) Explain any four parties to the Letter of Credit.
- c) Write a note on EXIM Bank.
- d) Explain the role of Interest Rates in FOREX markets.
- e) What is a Forward Rate?
- f) Write a note on Exchange Risks.

**Q. 3. A) Explain the Features of FOREX market. (12)**

**OR**

**Q. 3. B) Write a note on Exchange Rate Mechanisms. Explain the Purchasing Power of Parity theory of Exchange. (12)**

**Q. 4. A) Explain the origin and working of the Petro Dollar market. (12)**

**OR**

**Q. 4. B) What are Remittances? Explain the Types and Benefits of Remittances. (12)**

Q. 5. A) What is a Letter of Credit? Explain any eight Types of Letters of Credit. (12)

OR

Q. 5. B) Elucidate the Export Promotion Incentives implemented in India. (12)

Q. 6. A) What are the Factors influencing Rate of Exchange? (12)

OR

Q. 6. B) i. Describe the different Methods of FOREX Quotation with suitable examples. (6)

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

- a. **GBP/CNY:** (if  $\text{GBP/USD} = 0.74$  and  $\text{USD/CNY} = 0.61$ )
- b. **USD/GBP:** (if  $\text{USD/KWD} = 3.30$  and  $\text{KWD/GBP} = 0.41$ )
- c. **JPY/INR:** (if  $\text{JPY/CHF} = 126.88$  and  $\text{INR/CHF} = 81.40$ )
- d. **DEM/AED:** (if  $\text{DEM/CHF} = 1.89$  and  $\text{AED/CHF} = 4.01$ )

\*\*\*\*\*