



Name:

Enrolment No:

UPES

End Semester Examination, December 2024

Course: Foreign exchange management in banking operations

Program: BCom_H

Course Code: FINC2048

Semester: III

Time : 03 hrs.

Max. Marks: 100

Instructions:

1. **Section A has 20 objective-type questions. All are compulsory (Total marks 20 marks)**
2. **Section B has 4 questions of 5 marks each. All are compulsory. (Total marks 20)**
3. **Section C has 3 Questions of 10 marks each, out of which 2 Questions are compulsory and 1 internal choice to attempt any one. (Total marks 30)**
4. **Section D has 2 Questions of 15 marks each, out of which 1 Question is compulsory and 1 Question have internal choice to attempt anyone. (Total Marks 30)**

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	What is a "Nostro" account in the context of correspondent banking? A) An account held by a foreign bank in the home country of the correspondent bank B) An account that holds foreign securities C) An account that holds funds on behalf of an individual customer D) An account used to facilitate domestic payments	2	CO1
Q2	What is the purpose of using a Vostro account in a correspondent banking relationship? A) To enable the correspondent bank to hold funds on behalf of another bank B) To allow customers to open foreign currency savings accounts C) To facilitate direct loans to foreign clients D) To offer investment services to international businesses	2	CO1
Q3	Which of the following best describes the role of the "correspondent" in correspondent banking? A) They provide loans to individual clients in the foreign market B) They ensure compliance with international financial regulations C) They act as an intermediary, handling the settlement of payments between banks in different countries D) They offer retail banking services to foreign nationals	2	CO1

Q4	<p>How does a respondent bank benefit from correspondent banking services?</p> <p>A) By directly offering loans to foreign customers B) By providing its clients with access to international financial markets and currencies C) By investing in the foreign assets of the correspondent bank D) By facilitating local currency transactions for international businesses</p>	2	CO1
Q5	<p>Which of the following is a primary function of a correspondent bank?</p> <p>A) Providing direct loans to customers across borders B) Acting as an intermediary for international payments and settlements C) Issuing credit cards to foreign nationals D) Selling foreign exchange to individual clients</p>	2	CO1
Q6	<p>Which of the following best describes the relationship between FEDAI and banks in India?</p> <p>A) FEDAI acts as an advisor to banks on customer loan approval processes B) FEDAI helps to create standards for foreign exchange transactions conducted by banks C) FEDAI is involved in fixing interest rates for bank loans in foreign currencies D) FEDAI provides customer banking services directly</p>	2	CO1
Q7	<p>In a Telegraphic Transfer (TT), who typically bears the transaction fees?</p> <p>A) The receiver of the money B) Both the sender and the receiver may share the transaction fees C) The sender of the money D) The bank acting as an intermediary</p>	2	CO1
Q8	<p>What is the primary objective of the Foreign Contribution (Regulation) Act (FCRA)?</p> <p>A) To regulate foreign investment in Indian businesses B) To manage the entry and use of foreign contributions by individuals and organizations in India C) To regulate foreign loans to Indian banks D) To facilitate the establishment of foreign-owned companies in India</p>	2	CO1
Q9	<p>Which of the following currencies is often used for international money transfers?</p> <p>A) Indian Rupee (INR) B) Chinese Yuan (CNY) C) Euro (EUR) D) Bitcoin (BTC)</p>	2	CO1

Q10	Which of the following is an example of a foreign contribution under the FCRA? A) A donation made by an Indian citizen to a local temple B) A gift from a foreign government to an Indian educational institution C) A loan provided by a foreign bank to an Indian business D) A personal loan from an individual in India to a foreigner	2	CO1
SECTION B 4Qx5M= 20 Marks			
Q 11	Discuss in detail the market participants of FOREX market.	5	CO2
Q12	Define Foreign Exchange. Briefly explain the features of Foreign Exchange	5	CO2
Q13	“Interest Rates affect Forex Market.” Comment on the statement	5	CO2
Q14	Discuss the advantages of Foreign Exchange Market	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q15	Explain the guidelines for releasing Foreign Exchange to Indian Residents	10	CO3
Q16	Discuss the process of corresponding banking in foreign exchange transaction.	10	CO3
Q17	Discuss the application of Rates of Crystallization of Liabilities and Recovers Or Discuss the various factors affecting foreign exchange transaction	10	CO3
SECTION-D 2Qx15M= 30 Marks			
Q18	Explain the process of forfeiting services in detail.	15	CO4
Q19	Mention and explain the different types of International Credit Instruments of FOREX market. Or Elucidate the process of factoring services in detail.	15	CO4