



**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**  
**Centre: Dehradun**

Examination	: End Semester Examination May 2018	Semester: <b>II Semester</b>
Programme & Branch	: <b>MBA IB</b>	Duration: <b>3 Hours</b>
Course Code	: <b>INTB 7003</b>	Max. Marks: <b>100</b>
Course Title	: <b>Foreign Exchange Management &amp; Trade Finance</b>	

---

**Section A**

**Answer all the questions**

**10 X 3 = 30 Marks**

1. Today you contract to buy US \$ 30 days forward at 66.98 Rs/1\$. Suppose 30 days from now when the forward contract matures, the prevailing spot exchange rate is 68.5 Rs/1\$. Have you gained or lost by holding the forward contract? Suppose instead the prevailing spot rate is 66.01 Rs/1\$. Have you gained or lost by holding the forward contract?
2.  $US\$ /INR = 66.98/00$ ;  $US\$/CHF = 1.01 /15$  Hence,  $CHF/INR = ?$
3. What are the two plans were taken up at the Bretton Woods Conference in July 1944 and explain briefly.
4. Compare SDR with Bancor?
5. Why did countries start to float their currencies during non-system?
6. Brief the purchase and repurchase of IMF lending.
7. What is law of one price?
8. What is 'J' curve effect of Marshall-Lerner?
9. Compare FEMA with FERA.
10. What are the functions of Enforcement Directorate?

**Section B**

**Answer any three questions**

**3 X 15 = 45 Marks**

1. What is Big Mac index? The price of a Big Mac in the U.S.A. was \$3.57. The price of a Big Mac in the Euro Zone was € 3.31. What is the implied PPP? The actual exchange rate was \$1 = € 0.94. Is Euro overvalued or devalued? If so, how much in percentage? Why do we measure Big Mac index?
2. Compare the covered interest rate parity with uncovered interest rate parity?
3. What are objectives of FEMA? How the foreign exchange moves out of the country and moves in to the country through trade based money laundering practices?
4. Explain the history of Liberalized exchange rate mechanism (LERM). What are the implications of India's dual exchange rate system & Rupee devaluation?

## Section C

**Answer all the questions**

**1 X 25= 25 Marks**

1. Why the integration of cash and trade is needed? Explain the three objectives that can be targeted for in the financial supply chain for integrating cash and trade. How do you evaluate the different techniques of funding for trade transactions and wider working capital?



**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**

**Centre: Dehradun**

Examination	: End Semester Examination May 2018	Semester: II Semester
Programme & Branch	: MBA IB	Duration: 3 Hours
Course Code	: INTB 7003	Max. Marks: 100
Course Title	: Foreign Exchange Management & Trade Finance	

---

**Section A**

**Answer all the questions**

**10 X 3 = 30 Marks**

1. What is gold exchange standard?
2. What are the two plans were taken up at the Bretton Woods Conference in July 1944 and explain briefly.
3. Brief the uses of SDR.
4. Briefly explain the absorption approach to the BOP in exchange rate determination?
5. Brief the risks associated to the trade.
6. What is quantitative easing?
7. What is law of one price?
8. What is 'J' curve effect of Marshall-Lerner?
9. Compare FEMA with FERA.
10. Brief the prevention of money laundering act, 2002.

**Section B**

**Answer any three questions**

**3 X 15 = 45 Marks**

1. Explain the different types of transaction in the forex market.
2. What is Triffin Dilemma? How it led to the reform measures in international financial system?
3. Discuss the case for and against the IMF as an International Lender of last resort.
4. What are objectives of FEMA? How the foreign exchange moves out of the country and moves in to the country through trade based money laundering practices?

**Section C**

**Answer all the questions**

**1 X 25= 25 Marks**

1. Why the integration of cash and trade is needed? Explain the three objectives that can be targeted for in the financial supply chain for integrating cash and trade. How do you evaluate the different techniques of funding for trade transactions and wider working capital?