



THE NATION BUILDERS UNIVERSITY

## UNIVERSITY OF PETROLEUM & ENERGY STUDIES

Centre: Dehradun

Examination : **End Semester Examination May 2017**  
Programme & Branch : **MBA IB**  
Course Code : **MBCF874**  
Course Title : **Foreign Exchange Management & Trade Finance**

Semester: **II Semester**  
Duration: **3 Hours**  
Max. Marks: **100**

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### Section A

#### Answer all the questions

**5 X 6 = 30 Marks**

1. Compare FEMA with FERA.
2. Brief the prevention of money laundering act, 2002 and the functions of Enforcement Directorate.
3. Briefly explain the absorption approach to the BOP in exchange rate determination?
4. Brief the risks associated to the trade.
5. What are the different instruments of capital controls? Explain the financial amplification effect?

### Section B

#### Answer all the questions

**3 X 15 = 45 Marks**

1. Discuss the approved and restricted capital account transaction under FEMA in detail.
2. 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?
3. 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?