

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Winter 2018 - 19 Examination

Semester: 3
Subject Code: 06204203
Subject Name: Trade Finance & Forex

Date: 2/11/2018
Time: 2:00pm to 4:30pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. Indirect rate in foreign exchange means
 - a) The rate quoted with the units of home currency kept fixed.
 - b) The rate quoted with the units of foreign currency kept fixed
 - c) The rate quoted in third currency
 - d) All of the above
2. the following incoterms cannot be used for contracts providing for transportation of goods by sea
 - a) CFR
 - b) DOP
 - c) DES
 - d) DEQ
3. SDR stands for
 - a) Special Drawing Rights
 - b) Special Depository Rights
 - c) Specific Drawing Rights
 - d) None of the above
4. The beneficiary under a letter of credit is
 - a) The bank opening the credit
 - b) The customer of opening bank
 - c) The confirming Bank
 - d) The exporter
5. Letter of Credit transactions are generally governed by the provisions of
 - a) Uniform Customs and Procedures for Documentary Credit
 - b) United Conference on Practices for Documentary Credit
 - c) Uniform Customs and Practice for Documentary Credits
 - d) Uniform Code and Procedure for Documentary Credits

B). Define the following. (Each of 1 mark)**(05)**

1. Forward Rate
2. Quotas
3. Accepting Bank
4. Issuing Bank
5. Arbitrageurs

C). Direct questions. (Each of 1 mark)**(05)**

1. What are Incoterms?
2. Fixed and Revolving Credits
3. Explain Back to Back Credit
4. Rights and Responsibilities of Importer under a confirmed Letter of Credit
5. Explain Irrevocable Credit.

Q.2 Answer the following questions.**A). Who are the Participants of Foreign Exchange markets? What is their role in Forex market?****(07)****B). Explain the finance provision available in case of Deemed Exports and Export of Consultancy****(08)**

Q.3 Answer the following questions.

What are the main objectives of IMF? To what extent, in your opinion, have these purposes been fulfilled today? **(07)**

B). Explain “Purchasing Power Parity Theory”. **(08)**

Q.4 Attempt any two questions. **(Each of 7.5 mark)** **(15)**

1. Write a short note on Incoterm

2. At Indian market the following exchange rate was quoted

USD 1= INR 65.5525/75

a. Identify the buying and selling rate of Bank

b. State if the quotation is direct or Indirect

c. Is the quotation American or European?

d. Express the quote as number of USD per Indian Rupee

3. What is the tolerance limit permitted for quantity and value under letter of credit?

4. List the discrepancies in Bill of Lading and Invoice which need to verify by the banks.