

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA., Winter 2017 - 18 Examination**

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

**Date: 04/01/2018**  
**Time: 02:00PM to 04:30PM**  
**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. The role of IMF does not include
 

a) Monitoring the proper conduct of the international monetary system.	c) Lending to socially oriented projects.
b) Financing temporary BOP deficits of member countries.	d) Providing source of liquidity to member countries.
2. The acronym SWIFT stands for
 

a) Safety width in financial Transactions	c) Society for worldwide international Financial Telecommunication
b) Society for worldwide Financial Telecommunication	d) Siwft worldwide information for financial transactions
3. The beneficiary under a letter of credit is
 

a) the bank opening in credit	c) the customer of the opening bank
b) the confirming bank	d) the exporter
4. The responsibility of an advising bank of a letter of credit is to
 

a) vouch the genuineness of the LC	c) Negotiate documents under the LC
b) negotiate documents under the LC, if the Opening bank fails	d) none of above
5. The incoterm is specific about the responsibility for marine insurance in case of
 

a) FOB and EXW	c) FOB & CIF
b) CIF & CIP	d) CPT & DDP

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

1. Delivery duty paid
2. Packing Credit
3. Counter trade
4. Factoring
5. Quota

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

1. What is the meaning of "Negotiate against Indemnity"?
2. What is "Asian countries Investment partners programme"?
3. What is 'Special Drawing Rights'?
4. What is Revocable Credit?
5. What is "Free alongside ship"?

**Q.2 Answer the following questions.**

**A). State the major factors that influence the exchange rate of a country. (07)**

**B). Describe the silent features of a well developed foreign exchange market? Briefly discuss the various participants of exchange market as well. (08)**

**Q.3 Answer the following questions.**

A). Explain the Letter of Credit. Explain the mechanism of a Letter of credit. **(07)**

B). State the responsibilities of the seller under the following incoterms : EXW, FAS, CIF & DDP **(08)**

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

1. Explain the various features of a Letter of Credit?
2. What is “Multilateral Investment Guarantee Agency” ? Explain its objectives and functions.
3. What is Purchasing power Parity theory? Briefly explain Absolute version of Purchasing Power parity.
4. Explain the various activities undertaken by the Export Import bank of India?