

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Summer 2018 - 19 Examination

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

Date: 08/05/2019
Time: 02:00 pm to 04:30 pm
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. A LC that provides for granting of pre shipment finance as well as storage of goods in the name of the bank is _____
 - a. A red Clause LC
 - b. A stand By LC
 - c. A green Clause LC
 - d. A secured LC
2. The responsibility of an advising bank of LC is to
 - a. Vouch the genuineness of the letter of credit
 - b. Negotiate documents under LC
 - c. Negotiate documents under the LC, If opening bank fails
 - d. None of the above
3. The following incoterm cannot be used for contract providing for transportation of goods by Sea.
 - a. CFR
 - b. DDP
 - c. DES
 - d. DEQ
4. The abbreviation SDR stands for
 - a. Special Drawing Rights
 - b. Specific Drawing Rights
 - c. Special depository Rules
 - d. None of the above
5. In direct quotation, the unit kept constant is _____
 - a. Local Currency
 - b. Foreign Currency
 - c. Subsidiary Currency
 - d. None of the above

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

- 1 Counter Trade
- 2 Irrevocable Credit
- 3 Spot transaction
- 4 FOB
- 5 Fixed exchange rate

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

- 1 What is red clause credit?
- 2 What speculator does?
- 3 What is MIGA?
- 4 What is PPP theory?
- 5 Differentiate American quotation with European quotation.

Q.2 Answer the following questions.

A). Describe the features & purpose of IMF in details.

(07)

B). Explain the silent features and participants of Foreign exchange market.

(08)**Q.3 Answer the following questions.**

A). Explain the Letter of Credit. Explain the mechanism of a Letter of credit.

(07)

B). Explain the various factors determining Spot exchange market.

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

- 1 Explain PCFC and advance against duty drawback in details.
- 2 Explain the discrepancies found in below documents
- 3 Write a short note on 'INCOTERM - 2010'
- 4 Explain any five types of Letter of Credit