

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MCom (IB) DEGREE EXAMINATION MAY 2026
(Fourth Semester)

Branch – INTERNATIONAL BUSINESS

FOREIGN EXCHANGE & RISK MANAGEMENT IN INTERNATIONAL BUSINESS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	What is a Nostro Account? (i) Own Account at abroad (ii) Foreign Country Account (iii) Foreign Exchange Account (iv) Third Party Account	K1	CO1
	2	What is Vostro Account? (i) Foreign Account in India (ii) Own Account at abroad (iii) Third Party Account (iv) Government Account	K2	CO1
2	3	What is forward Contract? (i) Advance Contract (ii) Future Exchange deal (iii) Customers contract (iv) Mediators contract	K1	CO2
	4	What is selling rate? (i) Bank buys currency (ii) Bank Sells Currency (iii) Customer rate (iv) Sellers rate	K2	CO2
3	5	Who regulates money markets in India? (i) SEBI (ii) IRDA (iii) RBI (iv) NSE	K1	CO3
	6	What is Call Money Market? (i) Market fund (ii) Share Money (iii) Short-term Fund (iv) Long - term Fund	K2	CO3
4	7	What is hedging? (i) Insusace (ii) Money Transfer (iii) self – bear (iv) Risk Cover	K1	CO4
	8	What is risk Transfer? (i) Money Transfer (ii) Self bears (iii) Funds adjustments (iv) Insurance	K2	CO4
5	9	What is the main function of ECGC? (i) To Risk Cover (ii) Cordinating with Exporter (iii) Cordinatiing with Importer (iv) Advising to Government	K1	CO5
	10	What is aviation Insurance? (i) Aircraft Risk Coverage (ii) Airport Risk covering (iii) Foreigners Risk covering (iv) Coverage of Export Goods	K2	CO5

Cont...

SECTION - B (35 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	What is an EEFC account? Describe its purpose.	K3	CO1
		(OR)		
	11.b.	Write about the features of the foreign Exchange market.		
2	12.a.	Explain the different forms of exchange rates.	K4	CO2
		(OR)		
	12.b.	Write short note on forward exchange contracts.		
3	13.a.	State the importance of Treasury Bills	K3	CO3
		(OR)		
	13.b.	Write short notes on :- 1. Repo 2. Reverse Repo		
4	14.a.	Explain the types of risk in International business	K4	CO4
		(OR)		
	14.b.	How does hedging help in risk management?		
5	15.a.	Explain the different types of policies offered by ECGC.	K3	CO5
		(OR)		
	15.b.	Write a short note on aviation Insurance and its uses.		

SECTION - C (30 Marks)

Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Discuss FEMA in India - Its nature, scope and applications.	K4	CO1
2	17	Elucidate the types of buying and selling rates in merchant transactions.	K5	CO2
3	18	What are the regulation of money markets in India by RBI? Discuss	K4	CO3
4	19	Explain in detail about risk transfer, risk retention and risk financing techniques	K4	CO4
5	20	Discuss about the functions of ECGC.	K3	CO5

Z-Z-Z END