

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom (18) DEGREE EXAMINATION MAY 2018
(Second Semester)

Branch INTERNATIONAL BUSINESS

**CORE ELECTIVE-I : FOREIGN EXCHANGE &
RISK MANAGEMENT IN INTERNATIONAL BUSINESS**

Time : Three Hours

Maximum : 75 Marks

Answer ALL questions

ALL questions earn EQUAL marks (5 x 15 = 75)

- 1 a 'Foreign Exchange enriches India' is a statement given by ministry of commerce during Budget 2017. is it true? Give your inputs justifying the same with various foreign currency accounts and features.

OR

- b Elucidate FEMA and what are all the innovative changes made in FEMA to replace FERA? Validate your answer with moder practical inferences.

- 2 a Mrs. Rani, you customer has received a 35 days sight bill for USD 2,45,000 on 1st February. She asks you to retire the bill with the following Interbank Market rate for the following USD.

Exchange margin rate = 0.10%

SPOT USD 1	--= Rs. 63.7720/ 7700
March	.7010 , .6800
April	.7150 - .7000
May	.8000 / .7850
June	8600 ■' .8500
July	,9000 / .8950

What rate shall be quoted to Mrs. Raniand what amount is payable"

OR

- b Explain these with problems orientation.

- (i) Types of buying and selling rates
- (ii) Exchange margin and forward margin
- (iii) Fixed, forward and future contracts

- 3 a 'Risk is comparatively high with International Business' - Is this statement true? What are all the types of Risks available? Elucidate.

OR'

- b Comment and validate with practical instances :

- (i) Risk Management Information Systems
- (ii) Corporate Risk Management Models
- (iii) Enterprise Risk Management

- 4 a Expand and explain ECGC and ail the policies covered under ECGC.

OR

- h 'Insurance is always a benefit to the company which issues the policy' is a justified jargon. Can you list out some points favouring the above Jargon? Also throw some light on Marine Insurance, Motor Insurance and Aviation Insurance

- 5 a 'Risk mitigation and Risk Transfer are always a better option than Risk Avoidance' - Justify.

OR

- b Compare and contrast the Transaction Exposure, Translation exposure and Economic Exposure with context to Risk Management.