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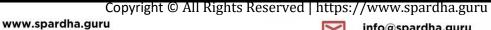


- 1) Which act governs the foreign exchange management in India?
- A) FEMA 1999
- B) FEMA 1995
- C) FEMA 1973
- D) FEMA 2003
- 2) FEMA 1999 has been divided into ___ chapters and
- A) 5, 29
- B) 6, 37
- C) 7,49
- D) 8, 91
- 3) Name the authority that regulates the Foreign exchange in India?
- A) Enforcement Directorate
- B) RBI
- C) Finance Ministry
- D) SEBI
- 4) Who investigates the contravention of provisions of FEMA 1999?
- A) Enforcement Directorate
- B) RBI
- C) Finance Ministry
- D) SEBI
- 5) have been authorised by RBI to deal in foreign exchange transactions?
- A) Authorised Agency
- B) Authorised People
- C) Authorised Company
- D) Authorised Dealer
- 6) FEMA was made applicable with effect from ____
- A) 1st April, 2000
- B) 1st June, 2000
- C) 1st April, 1999
- D) 1st June, 1999
- 6) Foreign exchange transactions involve monetary transactions

- A) among residents of the same country
- B) between residents of two countries only
- C) between residents of two or more countries
- D) among residents of at least three countries
- 7) Under FEMA, the RBI has been authorised to make —— to carry out the provisions of the Act.
- A) rules
- B) regulations
- C) both rules and regulations
- D) notifications
- 8) A foreign currency account maintained by a bank abroad is its
- A) nostro account
- B) vostro account
- C) loro account
- D) foreign bank account
- 'Non-resident Bank Accounts' refer to
- A) nostro account
- B) vostro account
- C) accounts opened in offshore centres
- D) none of the above
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 - A) the permitted currencies
 - B) the currency of the country of the bank maintaining the account
 - C) the currencies in which FCNR accounts are permitted to be maintained
 - D) Indian Rupee
 - 11) The statutory basis for the administration of foreign exchange in India is
 - A) Foreign Exchange Regulation Act, 1973
 - B) Conservation of Foreign Exchange Prevention of Smuggling Act.
 - C) Foreign Exchange Management Act, 1999
 - D) Exchange Control Manual
 - 12) Full fledged money changers are authorized to undertake

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- A) only sale transactions
- B) only purchase transactions
- C) all types of foreign exchange transactions
- D) purchase and sale of foreign currency notes, coins and travellers cheques

13) The acronym FEDAI stands for

- A) Foreign Exchange Dealers' Association of India
- B) Federal Export Dealers' Association of India
- C) Fixed Earners' Draft Agreement on Interest
- D) None of the above

14) An authorised person under FEMA does not include

- A) an authorised dealer
- B) an authorised money changer
- C) an off-shore banking unit
- D) an exchange broker
- 15) The authorised dealers under classified into —- categories
- A)Three
- B) one
- C) two
- D) four

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16) The term 'loro account' means

- A) our account with you
- B) your account with us
- C) their account with them
- D) none of the above

17) The term 'Nostro account' means

- A) our account with you
- B) your account with us
- C) their account with them
- D) none of the above

18) The term 'Vostro account' means

- A) our account with you
- B) your account with us
- C) their account with them
- D) none of the above

19) The market forces influencing the exchange rate are not fully operational under

- A) floating exchange rate system
- B) speculative attack on the market
- C) fixed exchange rate system
- D) current regulations of IMF

20) According to classification by IMF, the currency system of India falls under

- A) managed floating
- B) independently floating
- C) crawling peg
- D) pegged to basked of currencies

21) Under a fixed exchange rate system, the currency rate in the market is maintained through

- A) official intervention
- B) rationing of foreign exchange
- C) centralising all foreign exchange operations with the central bank of the country
- D) none of the above

22) The reduction in the value of a currency due to market forces is known as Limited A) revaluation

- B) depreciation
- C) appreciation
- D) inflation

23) The largest foreign exchange market in the world is

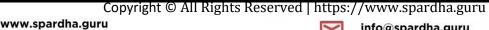
- A) Newyork
- B) London
- C) Japan
- D) Swiss

24) Foreign exchange market is considered 24 hours market because

- A) it is open all through the day
- B) all transactions are to be settled within 24 hours
- C) due to geographical dispersal at least one market is active at any point of time

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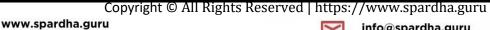


- D) minimum 24 hours must elapse before any transaction is settled
- 25) The major players in the foreign exchange market are
- A) commercial banks
- B) corporates
- C) exchange brokers
- D) central bank of the country and the central government
- 26) Speculation in the foreign exchange market refers to
- A) buying or selling of currencies in large volumes
- B) booking of forward contracts without intention to
- C) buying or selling with a view to make profits from movement in rates
- D) buying or selling with a view to making riskless profits.
- 27) Arbitrageur in a foreign exchange market
- A) buys when the currency is low and sells when it
- B) buys and sells simultaneously the currency with a view to making riskless profit
- C) sells the currency when he has a receivable in future
- D) buys or sells to take advantage of market imperfections
- 28) The acronym SWIFT stands for -
- A) Safety Width in Financial Transactions
- B) Society for Worldwide International Financial Telecommunication
- C) Society for Worldwide Interbank Financial Telecommunication
- D) Swift Worldwide Information for Financial Transactions
- 29) Indirect rate in foreign exchange means -
- A) the rate quoted with the units of home currency kept fixed

- B) the rate quoted with units of foreign currence kept fixed
- C) the rate quoted in terms of a third currency
- D) none of the above
- 30) Indirect rate of exchange is quoted in India for –
- A) sale of foreign travellers cheque
- B) sale of rupee travellers cheques
- C) purchase of personal cheques
- D) none of the above
- 31) In direct quotation, the unit kept constant is -
- A) the local currency
- B) the foreign currency
- C) the subsidiary currency
- D) none of the above.
- 32) The maxim 'buy low; sell high' is applicable for -
- A) quotation of pound-sterling
- B) indirect rates
- C) direct rates
- D) US dollars
- 33) In Mumbai, US Dollar is quoted as under: USD 1 = Rs.43.6725/6875. It means-
- A) The buying rate is Rs.43.6725 and the selling rate is Rs.43.6875.
- B) The buying rate is Rs.43.6875 and the selling rate is Rs.43.6725
- C) The dollar is appreciating in value.
- D) The dollar is depreciating in value
- 34) In foreign exchange markets, 'American Quotation' refers to-
- A) quotation by a US-based bank
- B) quotation in New York foreign exchange market
- C) quotation in which the value of foreign currency is expressed per US dollar.
- D) quotation in which the value of the US dollar is expressed per unit of foreign currency
- 35) Forward margin is-
- A) the profit on forward contract

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41) One month forward contract entered into on

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22nd March will fall due on



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- B) commission payable to exchange brokers.
- C) difference between the spot rate and forward rate
- D) none of the above
- 36) In the following quote: Spot USD 1 =Rs.45.6500/650 Spot September September forward buying rate for dollar is -
- A) Rs.45.6800
- B) Rs.45.6600
- C) Rs.45.7500
- D) Rs.45.6500
- 37) the transaction where the exchange of currencies takes place two days after the date of the contract is

known as

- A) ready transaction
- B) value today
- C) spot transactions
- D) value tomorrow
- the exchange 38) The transaction where currencies takes place on the same date is known as
- A) tom
- B) ready transaction
- C) spot transactions
- D) value tomorrow

- D) 24th April 42) The buying rate is also known as the
- A) bid rate

A) 21th April

B) 22nd April

C) 23rd April

- B) offer rate
- C) spread
- D) swap
- 43) The selling rate is also known as
- A) bid rate
- B) offer rate
- C) spread
- D) swap
- 44) The difference between buying rate and selling rate is the gross profit for the bank and is know as
- the
- A) bid rate
- Spardhaguru I B) offer rate rivate Limited

 - D) swap
- 39) A transaction in which the currencies to be exchanged the next dayof the transaction is known
- A) ready transaction
- B) value today
- C) spot transactions
- D) Value tomorrow
- 40) The transaction in which the exchange of currencies takes place at a specified future date, subsequent to the spot date is known as a
- A) swap transaction
- B) forward transaction
- C) future transaction
- D) non-deliverable forwards

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- 45) Direct quotation is also known as
- A) home currency quotation
- B) foreign currency quotation
- C) currency quotation
- D) American quotation
- 46) In direct quotation the principle adopted by the bank is to
- A) buy low only
- B) buy low; sell high
- C) buy high; sell low
- D) sell low only
- 47) In indirect quotation the principle adopted by the bank is to

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- A) buy low only
- B) buy low; sell high
- C) buy high; sell low
- D) sell low only

48) Indirect quotation is also known as

- A) home currency quotation
- B) foreign currency quotation
- C) European quotation
- D) American quotation

49) Derivatives can be used by an exporter for managing-

- A) currency risk
- B) cargo risk
- C) credit risk
- D) all the above

50) The term risk in business refers to-

- A) chance of losing business
- B) chance of making losses
- C) uncertainty associated with expected event leading to losses or gains
- D) threat from competitors

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