

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 ___ sections.

- 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

9) 'Non-resident Bank Accounts' refer to

- A) nostro account
- B) vostro account
- C) accounts opened in offshore centres
- D) none of the above

10) Non-resident bank accounts are maintained in

- 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 and Prevention of Smuggling Act.
- C) Foreign Exchange Management Act, 1999
- D) Exchange Control Manual

12) Full fledged money changers are authorized to undertake

- 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 FEMA are classified into --- categories

- A) Three
B) one
C) two
D) four

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 basket 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

- 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

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 execute
- 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 is high
- 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 currency 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

- 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 100/150 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

38) The transaction where the exchange of currencies takes place on the same date is known as

- A) tom
B) ready transaction
C) spot transactions
D) value tomorrow

39) A transaction in which the currencies to be exchanged the next day of the transaction is known as

- 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

41) One month forward contract entered into on 22nd March will fall due on

- A) 21th April
B) 22nd April
C) 23rd April
D) 24th April

42) The buying rate is also known as the

- A) bid rate
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 known as the

- A) bid rate
B) offer rate
C) spread
D) swap

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

- 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