

M.Com Part II Semester – III
Special Elective Subject - Group G (Advanced Banking & Finance)
Subject Name: - Foreign Exchange
Course code: - 215-I

Objectives:

1. To provide an understanding of various aspects of foreign exchange market.
2. To acquaint the students with financing of foreign trade.
3. To give an understanding about exchange rate mechanism and factors affecting exchange rates.
4. To make students aware of recent development in foreign exchange market.

Skills to be developed:

1. To make aware about role of foreign exchange market.
2. To expose them to various ways of financing of foreign trade.
3. Students shall learn and acquire knowledge about working of foreign exchange market in India.
4. Students will acquire skills about role of EXIM bank in financing foreign trade

Unit No.	Topic	Teaching Method	Course Outcome
1	Foreign Exchange Market: 1.1 Meaning of foreign exchange 1.2 Features of foreign exchange market. 1.3 Participants of foreign exchange market. 1.4 Spot market: features 1.5 Forward market: features 1.6 Forward market Hedging 1.7 Swap rates 1.8 Currency futures 1.9 Currency Options 1.10 Risk in Foreign Exchange Market	Lecture, PPT, Group Discussion, Library Work, Assignment,	Students will be able to understand the role of foreign exchange market and types of trade performed in it.
2	Foreign Exchange Market in India: 2.1 Structure and Growth of Indian foreign Exchange Market 2.2 Foreign Exchange Management Act, 2000: Origin & Scope 2.3 Authorized money changers and Authorized Dealers in Foreign Exchange. 2.4 Dealing Rooms – Concept & Importance 2.5 Types of Accounts: of Non-Resident Indians 2.6 Meaning of Non-Resident 2.7 Non-Resident (External) Account (NRE) 2.8 Non-Resident (Ordinary) Account (NRO) 2.9 Foreign currency (Non-Resident) Account (FC NR) 2.10 Resident Foreign Currency Account	Lecture, PPT, Group Discussion, Library Work, Assignment, Use of internet	Students will be able to know the role of intermediaries in foreign exchange market, types of accounts of NRI in banks.

	(RFC) 2.11 Non-Resident Non-Repatriable Account (NRNR) 2.12 Role of Reserve Bank of India in Foreign Exchange Market. 2.13 Factors Influencing foreign exchange rate 2.14 Trade in major world currencies		
3	Financing of Foreign Trade: 3.1 Objectives of Foreign Trade Documentation. 3.2 Documents: <ul style="list-style-type: none"> • Letter to Credit (L/C) • Parties to L/C; operation of L/C • Types of L/C: Revocable & Irrevocable • Transferable, Back to back credits • Revolving L/C • Anticipatory L/C • Draft, Types of draft. • Mate's Receipt. Bill of lading, Invoice. Insurance policy, • Certificate of origin, consular's invoice, bill of exchange 	Lecture, PPT, Group Discussion, Library Work, Assignment, Use of internet	Students will be able to understand finance trade and documents required while raising forex finance for business.
4	Methods of Financing Foreign Trade: 4.1 Bank Credit – <ul style="list-style-type: none"> • Pre-shipment credit • Post-shipment credit • Medium-term credit • Credit under duty draw back scheme • Export-Import Bank of India (EXIM Bank): Objectives, Functions, Performance and Role, Export Credit Guarantee Corporation (ECGC) of India. • Financing of Agro Export and documentations and finance and insurance required for it. 	Lecture, PPT, Group Discussion, Library Work, Assignment, Use of internet	Students will be able to acquaint with the methods of financing of foreign trade and role of EXIM bank.
