

## **ALL THE VERY BEST FOR YOUR EXAMS**

# **SAMPLE QUESTIONS FOR CAIIB INTERNATIONAL BANKING**

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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### **CAIIB – GENERAL INFORMATION**

**Consists of 3 papers :**

**I. Compulsory Paper**

1. Advanced Bank Management
2. Bank Financial Management

**II. Elective Papers (Candidates to choose any one of their Choice)**

1. Corporate Banking
2. Rural Banking
3. International Banking
4. Retail Banking
5. Co-operative Banking
6. Financial Advising
7. Human Resources Management
8. Information Technology
9. Risk Management
10. Central Banking
11. Treasury Management

- Only existing employees of banks and cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern :** (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies. The Institute may however vary the number of questions to be asked for a subject. Generally 60-65% theory based and 35-40% case study / problem solving/Analytical /Logical exposition. There is no negative marking for wrong answers.
- **Passing Criteria** - Minimum 150 in total and minimum 45 in each subject in any single attempt (not required to be the 1st attempt) is considered as pass. Else 50 in each subject. Passed subject gets carried forward to 4 continuous attempts (whether you appear for the exam or not) from the 1st attempt. If not passed in 4 continuous attempts, you need to appear in all 3 papers.
  - ❖ **First Class** : 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
  - ❖ **First Class with Distinction** : 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
  - ❖ Candidates who have been granted exemption in the subject/s will be given "Pass Class" only.

- **Cut-off Date of Guidelines /Important Developments for Examinations** - The Institute has a practice of asking some questions in each exam about the recent developments/ guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. But, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- ❖ In respect of the exams to be conducted by the Institute for the Period from February 2018 to July 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2017 will only be considered for the purpose of inclusion in the question papers.
- ❖ In respect of the exams to be conducted by the Institute for the period from August 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2018 will only be considered for the purpose of inclusion in the question papers.

➤ **Exam Fees**

**JAIIB**

First attempt fee - 2,400\*  
Second attempt fee - 1,000\*  
Third attempt fee - 1,000\*  
Fourth attempt fee - 1,000\*

**DBF**

First attempt fee - 3,200\*  
Second attempt fee - 1,000\*  
Third attempt fee - 1,000\*  
Fourth attempt fee - 1,000\*

**CAIIB**

First attempt fee - 2,700\*  
Second attempt fee - 1,000\*  
Third attempt fee - 1,000\*  
Fourth attempt fee - 1,000\*

\* Plus convenience charges and Taxes as applicable

## SYLLABUS

The details of the prescribed syllabus which is indicative are furnished below. However, keeping in view the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject. Candidates should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subject/s although those topics may not have been specifically included in the syllabus. Any alterations made will be notified from time to time. Further, questions based on current developments in banking and finance may be asked.

**Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by IIBF.**

### Module - A: International Banking and Finance

#### 1) International Banking

- i) Global Trends and developments in International Banking
- ii) International Financial Centres, Offshore Banking Units, SEZs.
- iii) Profitability of International Banking operations
- iv) Correspondent Banking and inter - Bank Banking
- v) Investment Banking, Wholesale Banking, Retail Banking, Merchant Banking
- vi) International Financial Institutions : IMF, IBRD, BIS, IFC, ADB
- vii) Legal and regulatory aspects
- viii) Risk Management

#### 2) International Finance

- i) Fundamental Principles of Lending to MNCs, documentation and Monitoring
- ii) International Credit Policy Agencies and Global Capital Markets
- iii) Raising resources : Availability features and risks of various Equity and debt products like ECBs, ADRs, ECCBs and other types of Bonds etc, Syndication of loans
- iv) Project and infrastructure Finance : Investments both in India (FII & FDI) and abroad, Joint ventures abroad by Indian Corporates. Investment opportunities abroad for resident Indians
- v) Financing of mergers and acquisitions

### Module - B : Foreign Exchange Business

- i) Foreign Exchange Management Act (FEMA) and its philosophy
- ii) Different types of Exchange Rates
- iii) RBI and FEDAI : their role in regulating Foreign Exchange Business of Banks / other Authorised Dealers

- iv) Rules regarding rate structure, cover operations, dealing room activities and risk management principles, including correspondent Bank arrangements.
- v) NRI customers and various banking and investment products available to them under FEMA
- vi) Remittance facilities

### **Module - C : International Trade**

#### **1) Regulations covering international trade**

- i) Various Aspects of International Trade, Government policies, DGFT and their schemes, Customs procedures, Banks' role in implementing these policies and schemes
- ii) WTO- its impact
- iii) Balance of payment, balance of trade, Current account and capital account convertibility
- iv) Documents used in Trade : bill of exchange, invoice, Bill of lading, Airways bill, Insurance policy etc
- v) Role of Banks in foreign Trade
- vi) Letters of credit; importance in international trade, various types of LCs, settlement of disputes, UCP 600, INCOTERMS
- vii) Exchange control relating to foreign trade. Returns required to be submitted to RBI

#### **2) Import / Export Finance**

- i) Laws governing trade finance viz, FEMA, NIAct, Indian stamp Act, EXIM policy, RBI / FEDAI guidelines
- ii) Role of Banks, including EXIM Bank, in financing Foreign Trade, various facilities to Exporters and importers including project finance, Forfaiting and Factoring
- iii) Risks involved in foreign trade finance : Country risk, Currency risk, Exchange risk, legal risk etc, Role of ECGC

### **Module - D : Derivatives**

- 1. Treasury operations of banks and corporates
- 2. Derivatives as hedging instruments, types of instruments available in Indian Market
- 3. RBI rules and guidelines regarding derivatives
- 4. Mathematics of derivative valuation and pricing
- 5. Risk assessment of derivatives, Lessons from recent crisis in derivatives market

### **International Banking**

How much Indian/Foreign currency can be brought in while coming into India in the following cases?

1. A resident of India at the time of his return from any place outside India (other than Nepal and Bhutan)

- a. Rs. 100
- b. Rs. 10,000
- c. Rs. 25,000
- d. USD 5000

Ans - c

2. A resident of India at the time of his return from Nepal and Bhutan

- a. Rs. 100
- b. Rs. 10,000
- c. Rs. 25,000
- d. USD 5000

Ans - a

3. Any person resident outside India, not being a citizen of Pakistan and Bangladesh and also not a traveller coming from and going to Pakistan and Bangladesh, and visiting India

- a. Rs. 100
- b. Rs. 10,000
- c. Rs. 25,000
- d. USD 5000

Ans - c

4. Any person resident in India who had gone to Pakistan and/or Bangladesh on a temporary visit

- a. Rs. 100
- b. Rs. 10,000
- c. Rs. 25,000
- d. USD 5000

Ans - b

5. How much foreign exchange can be brought in while visiting India?

- a. USD 5000
- b. USD 10000
- c. USD 15000
- d. No limit

Ans - d

6. If the aggregate value of the foreign exchange brought by a person coming into India from abroad in the form of currency notes, bank notes or travellers cheques brought in exceeds ....., it should be declared to the Customs Authorities at the Airport in the Currency Declaration Form (CDF), on arrival in India.

- a. USD 5,000 or its equivalent
- b. USD 10,000 or its equivalent
- c. USD 15,000 or its equivalent
- d. No limit

Ans - b

7. If the aggregate value of the foreign exchange brought by a person coming into India from abroad in the form of foreign currency alone exceeds ....., it should be declared to the Customs Authorities at the Airport in the Currency Declaration Form (CDF), on arrival in India.

- a. USD 5,000 or its equivalent
- b. USD 10,000 or its equivalent
- c. USD 15,000 or its equivalent
- d. No limit

Ans - a

.....

An exporter who has not been able to realise the outstanding export dues despite best efforts, may either self-write off or approach the AD Category – I banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealised portion subject to the fulfilment of stipulations regarding surrender of incentives prior to "write-off".

1. The limit prescribed for Self "write-off" by an exporter (Other than Status Holder Exporter) is ..... of the total export proceeds realized during the previous calendar year

- a. 5%

- b. 10%  
c. 15%  
d. 20%

Ans - a

2. The limit prescribed for Self "write-off" by Status Holder Exporters ..... of the total export proceeds realized during the previous calendar year

- a. 5%  
b. 10%  
c. 15%  
d. 20%

Ans - b

3. The limit prescribed for "Write-off" by Authorized Dealer Bank ..... of the total export proceeds realized during the previous calendar year

- a. 5%  
b. 10%  
c. 15%  
d. 20%

Ans - b

How much foreign exchange can be drawn in a financial year for Foreign Visits / Travel Abroad for the following purposes?

1. As gift to a person residing outside India or as a donation to an organization outside India

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 250,000

Ans - d

2. A person going abroad for employment

- a. USD 3000  
b. USD 5000



- c. USD 10000  
d. USD 250,000

Ans - d

3. A person who wants to emigrate

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 250,000

Ans - d

4. For study abroad without any estimate from the foreign University

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 250,000

Ans - d

5. A person going abroad for medical treatment

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 250,000

Ans - d

6. Towards maintenance of close relatives abroad

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 250,000

Ans - d

7. For business purpose

- a. USD 3000

- b. USD 5000
- c. USD 10000
- d. USD 250,000

Ans - d

How much foreign currency can be carried in cash for travel abroad in the following cases?

1. Travelers going to all countries other than (a) travelers proceeding to Iraq and Libya and (ii) Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States

- a. USD 2000
- b. USD 3000
- c. USD 5000
- d. USD 250,000

Ans - b

2. Travelers going to Iraq and Libya

- a. USD 2000
- b. USD 3000
- c. USD 5000
- d. USD 250,000

Ans - c

3. Travelers going to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States

- a. USD 2000
- b. USD 3000
- c. USD 5000
- d. USD 250,000

Ans - d

4. Travelers proceeding for Hajj/Umrah pilgrimage

- a. USD 2000
- b. USD 3000
- c. USD 5000
- d. USD 250,000

Ans - d

5. A traveler who has returned to India is free to retain foreign exchange up to ....., in the form of foreign currency notes or TCs for future use

- a. USD 2000
- b. USD 3000
- c. USD 5000
- d. USD 250,000

Ans - a

Answer the following questions are based on the below given information

a. USD-INR spot and forward rate

Spot USD - 65.60/62

O/N - 1/2

TOM - 2/3

2 weeks - 7/8

1 month - 15/17

2 months - 31/33

3 months - 47/50

6 months - 95/100

b. The AD loads margin of 10 paisa for purchase transactions and 12 paisa for sale transactions

1. What is the bid rate for over night dollar?

- a. 65.59
- b. 65.60
- c. 65.61
- d. 65.65

Ans - c

2. What is the asking rate for Tom USD?

- a. 65.59
- b. 65.60
- c. 65.61
- d. 65.65

Ans - d

3. TT buying rate for customer transaction in spot dollar is .....

- a. 65.50
- b. 65.74
- c. 65.81
- d. 65.84

Ans - a

4. Quote the forward TT buying rate for 2 months USD is .....

- a. 65.50
- b. 65.74
- c. 65.81
- d. 65.84

Ans - c

5. USD selling rate for customer transactions in spot dollar is .....

- a. 65.50
- b. 65.74
- c. 65.81
- d. 65.84

Ans - b

6. Quote forward TT selling rate for one month USD .....

- a. 65.50
- b. 65.74
- c. 65.81
- d. 65.91

Ans - d

Answer the following questions are based on the below given information

a. USD-INR spot and forward rate

Spot USD - 65.60/62

O/N - 1/2

TOM - 2/3

2 weeks - 7/8

1 month - 15/17

2 months - 31/33

3 months - 47/50

6 months - 95/100

b. The AD loads margin of 10 paisa for purchase transactions and 12 paisa for sale transactions

1. What is the rate at which AD can buy spot dollars from market?

a. 65.59

b. 65.60

c. 65.61

d. 65.62

Ans - b

2. What is the rate at which AD may sell spot dollars in the market?

a. 65.59

b. 65.60

c. 65.61

d. 65.62

Ans - d

3. AD purchases USD 100,000 in a merchant transaction and sells them in the market at 65.63 per dollar.  
What is the profit that AD earns in the transaction?

a. 10,000

b. USD 10,000

c. 3,000

d. 1,000

Ans - a

4. AD sold 1 month forward USD 500,000 to a merchant and then covered up his position by buying in the market one month forward dollars at 65.82 per dollar. What is the profit/loss in the transaction?

- a. Profit of 15,000
- b. Profit of 35,000
- c. Loss of 15,000
- d. Loss of 35,000

Ans - b

5. What rate the AD will quote for bill buying for a bill maturing in 60 days drawn in USD?

- a. 65.50
- b. 65.74
- c. 65.81
- d. 65.84

Ans - c

What is the maximum amount of remittance that AD banks can make for import payment where documents are directly received by importers?

- a. USD 25000
- b. USD 100000
- c. USD 200000
- d. USD 300000

Ans - d

The AD banks and Status holder exporters can self write off the unrealised Export bills up to .....

- a. 5% of the total export proceeds realized during previous calendar year
- b. 10% of the total export proceeds realized during previous calendar year
- c. 5% of the total export proceeds realized during previous financial year
- d. 10% of the total export proceeds realized during previous financial year e No write off is permitted

Ans - b

Answer the following questions are based on the below given information

a. USD-INR spot and forward rate

Spot USD - 65.60/62

O/N - 1/2

TOM - 2/3

2 weeks - 7/8

1 month - 15/17

2 months - 31/33

3 months - 47/50

6 months - 95/100

b. The AD loads margin of 10 paisa for purchase transactions and 12 paisa for sale transactions

1. What is the asking rate for over night dollar?

a. 65.59

b. 65.60

c. 65.62

d. 65.64

Ans - d

2. What is the bid rate for Tom USD?

a. 65.59

b. 65.60

c. 65.62

d. 65.64

Ans - c

3. TT buying rate for customer transaction in TOM dollar is .....

a. 65.50

b. 65.52

c. 65.58

d. 65.62

Ans - b

4. Quote the forward TT selling rate for 2 months USD is .....

- a. 65.50
- b. 65.74
- c. 65.77
- d. 65.83

Ans - d

5. USD selling rate for customer transactions in TOM dollar is .....

- a. 65.50
- b. 65.74
- c. 65.77
- d. 65.83

Ans - c

6. Quote forward TT buying rate for one month USD .....

- a. 65.65
- b. 65.70
- c. 65.75
- d. 65.80

Ans - a

Global bond market consists of all bonds sold by issued companies, governments, or other firms .....

- a. within their own countries
- b. outside their own countries
- c. to London banks
- d. to developing nations only

Ans - b

More instability in currency is called as .....

- a. country risk
- b. financial risk



- c. currency risk
- d. liquidity risk

Ans - c

Foreign bonds issued in Japan are known as .....

- a. bulldog bonds
- b. dragon bonds
- c. Yankee bonds
- d. samurai bonds

Ans - d

Total foreign investment in an Indian company is the sum total of ..... investments.

- a. direct foreign investment
- b. indirect foreign investment
- c. participatory notes
- d. a and b both

Ans - d

Over time, international trade (exports plus imports) as a percentage of GDP has .....

- a. increased for most major countries
- b. decreased for most major countries
- c. stayed about constant for most major countries
- d. increased for about half the major countries and decreased for the others

Ans - a

A perfect hedge (full coverage) on translation exposure can usually be achieved when .....

- a. using the money market hedge
- b. using the forward hedge
- c. using the futures hedge
- d. none of the above, since a perfect hedge is nearly impossible

Ans - b

Answer the following questions are based on the below given information

a. USD-INR spot and forward rate

Spot USD - 65.60/62

O/N - 1/2

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2 weeks - 7/8

1 month - 15/17

2 months - 31/33

3 months - 47/50

6 months - 95/100

b. The AD loads margin of 10 paisa for purchase transactions and 12 paisa for sale transactions

1. What is the asking rate for over night dollar?

a. 65.59

b. 65.60

c. 65.62

d. 65.64

Ans - d

2. What is the bid rate for Tom USD?

a. 65.59

b. 65.60

c. 65.62

d. 65.64

Ans - c

3. TT buying rate for customer transaction in TOM dollar is .....

a. 65.50

b. 65.52

c. 65.58

d. 65.62

Ans - b

4. Quote the forward TT selling rate for 2 months USD is .....

- a. 65.50
- b. 65.74
- c. 65.77
- d. 65.83

Ans - d

5. USD selling rate for customer transactions in TOM dollar is .....

- a. 65.50
- b. 65.74
- c. 65.77
- d. 65.83

Ans - c

6. Quote forward TT buying rate for one month USD .....

- a. 65.65
- b. 65.70
- c. 65.75
- d. 65.80

Ans - a

The benefit of interest equalisation scheme for Pre-Shipment Rupee Export Credit and Post-Shipment Rupee Export Credit is not available to which of the following?

- a. SEZ exporters
- b. Warehouse exports
- c. merchant exporters
- d. gold card holder exporters

Ans - c

An exporter approaches the Popular Bank for pre-shipment and post-shipment loan with estimated sales of Rs. 100 lakh. The bank sanctions a limit of Rs. 50 lakh, with 25 % margin for pre-shipment loan on FOB value and margins on bills of 10 % on foreign demand bills and 20 % on foreign usance bills.

The firm gets an order for USD 50,000 (CIF) to Australia. On 1.1.2017 when the USD/INR rate was Rs.66.80 per USD, the firm approached the Bank for releasing pre-shipment loan (PCL), which is released. On 31.3.2017, the firm submitted export documents, drawn on sight basis for USD 46,000 as full and final shipment.

The bank purchased the documents at Rs.67.25, adjusted the PCL outstanding and credited the balance amount to the firm's account, after recovering interest for Normal Transit Period (NTP). The documents were realized on 30.4.2017 after deduction of foreign bank charges of USD 450. The bank adjusted the outstanding post shipment advance against the bill.

Bank charged interest for pre-shipment loan @ 7 % up to 90 days and, @ 8% over 90 days up to 180 days. For Post shipment credit the Bank charged interest @ 7 % for demand bills and @ 7.5 % for usance (D/A) documents up to 90 days and @ 8.50 % thereafter and on all overdues, interest @ 10.5%.

01. What is the amount that the Bank can allow as PCL to the exporter against the given export order, considering the profit margin of 10% and insurance and freight cost of 10% ?

- a. Rs.2029050
- b. Rs.2705400
- c. Rs.3093500
- d. Rs.3340000

Ans - a

FOB value =  $50000 \times 66.80 = 3340000$  —  $334000$  (10% of 3340000 (insurance and freight cost))  
=  $3006000$  —  $300600$  (10% profit margin)  
=  $2705400$  -  $676350$  (25% margin)  
=  $2029050$

So, the Bank can allow Rs. 2029050 as PCL to the exporter against the given export order.

02. What is the amount of post shipment advance that can be allowed by the Bank under foreign bills purchased, for the bill submitted by the exporter?

- a. Rs.2029050
- b. Rs.2705400
- c. Rs.3093500
- d. Rs.3340000

Ans – c

46000 x 67.25 = 3093500

So, the Bank can allow Rs. 3093500 as post shipment advance under foreign bills purchased, for the bill submitted by the exporter.

03. What will be the period for which the Bank charges concessional interest on DP bills, from date of purchase of the bill?

- a. 90 days
- b. 25 days
- c. 31 days
- d. Up to date of realization

Ans - b

Concessional rate will be charged for normal transit period of 25 days and there after overdue interest will be charged.

04. In the above case, when should the bill be crystallized (latest date), if the bill remains unrealised for over two months, from the date of purchase (ignore holidays)?

- a. On 30.4.2017
- b. On 24.4.2017
- c. On 24.5.2017
- d. On 31.5.2017

Ans - b

Crystallisation will be done when the bill becomes overdue after 25 days of normal transit period. Date of overdue will be 25.4.2017. If bill remains overdue, it will be crystallised within 30 days i.e. up to 24.5.2017.

05. What rate of interest will be applicable for charging interest on the export bill at the time of realisation, for the days beyond Normal Due Date (NDD)?

- a. 10 %
- b. 10.5 %
- c. 11 %
- d. 11.5 %

Ans - b

Rate of interest will be 10.5% as the overdue interest is stated as 10.5%

Answer the following questions are based on the below given information

a. USD-INR spot and forward rate

Spot USD - 65.60/62

O/N - 1/2

T/N - 2/3

2 weeks - 7/8

1 month - 15/17

2 months - 31/33

3 months - 47/50

6 months - 95/100

b. The AD loads margin of 10 paisa for purchase transactions and 12 paisa for sale transactions

1. What would be the bill selling rate for one month forward USD?

a. 65.50

b. 65.74

c. 65.81

d. 65.91

Ans - d

2. Given GBP/USD 1.6117/1.6118, compute bill buying rate for GBP in Indian rupee.

a. 73.63

b. 73.42

c. 73.21

d. None of these

Ans - b

3. Given GBP/USD 1.6117/1.6118, compute bill selling rate for GBP in Indian rupee.

a. 73.63

b. 73.42

c. 73.21

d. None of these

Ans - a

What is the maximum amount that AD category-1 banks can release to an Indian residents, on self declaration basis, for going abroad for medical treatment?

- a. USD 10000 per visit
- b. USD 25000 per visit
- c. USD 250000
- d. USD 200000

Ans - c

Banks can submit the claims to RBI under interest equalisation scheme for Pre-Shipment Rupee Export Credit and Post-Shipment Rupee Export Credit on ..... basis, within .....

- a. quarterly, within 20 days
- b. monthly, within 15 days
- c. half-yearly, within 25 days
- d. annually, within 30 days

Ans - d

What is known as two way quote in exchange rate mechanism? (i) Quoting the rates both with the buyer and with the seller, (ii) Quoting the buying and selling rate at the same time

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

Foreign Currency Non-Resident (Banks) account can be opened in the name of which of the following? (i) Non-resident Indian, (ii) Person of Indian origin, (iii) Overseas Corporate Bodies

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Advance remittance can be allowed by AD banks, against import of aircraft /helicopter/ other aviation related purchases can be allowed without bank guarantee for an amount up to .....

- a. USD one million
- b. USD five million
- c. USD ten million
- d. USD fifty million

Ans - d

A foreign national on a 3 months visit to India wants to open a bank account .....

- a. He cannot be allowed to open any account
- b. He can open any type of account that he need of
- c. He can open an NRE account
- d. He can open a NRO account e Account can be opened only with RBI Permission

Ans - d

If in the letter of credit the term "beg" is used, it covers the period from 1st day to 10th, as per .....

- a. LC rules
- b. FEDAI rules
- c. UCPDC rules
- d. INCO rules

Ans - c

In case of usance export bills, the maximum period that can be allowed is .....

- a. 9 months excluding NTP and grace period, if any
- b. 9 months including NTP and grace period, if any
- c. 365 days excluding NTP but including grace period, if any
- d. 365 days including NTP and grace period, if any

Ans - b

What is the implementation date of FEMA 1999?

- a. 31.05.1999



- b. 01.06.1999  
c. 31.05.2000  
d. 01.06.2000

Ans - d

Which of the following is not a correct type of category of Authorised Dealers under FEMA 1999?

- a. Authorised Dealer category I  
b. Authorised Dealer category II  
c. Authorised Dealer category III  
d. Authorised Dealer category IV

Ans - d

Drawal of foreign Exchange by a person in India is not permitted in respect of which of the following? (i) Transactions with persons resident in Nepal and Bhutan, (ii) Travel to Nepal and Bhutan, (iii) Transactions given in Schedule 1 of FEMA

- a. Only (i) and (ii)  
b. Only (i) and (iii)  
c. Only (ii) and (iii)  
d. (i), (ii) and (iii)

Ans - d

Which of the following methods is applied for quoting the foreign exchange rates in India?

- a. Cross rates  
b. Direct rate  
c. Indirect rate  
d. Buying rate

Ans - b

Overseas Corporate Bodies means .....

- a. 50% by NRIs and balance by resident Indians  
b. 60% by NRIs irrespective of balance holdings  
c. 70% by NRI

d. 60% by NRIs and balance by Government

Ans - d

What is the eligibility criteria for defining an exporter as Small Scale Exporter as per ECIB-WTPC/WTPS of ECGC?

- a. Annual export turnover upto Rs.50 lakhs
- b. Annual export turnover upto Rs.100 lakhs
- c. Annual export turnover upto Rs.200 lakhs
- d. There is no such category

Ans - a

M/s ABC Exports had availed Packing Credit of Rs.50 Crore from Canara Bank which is defaulted. Canara Bank wants to invoke guarantee from ECGC under WTPC. What will be the maximum amount which will be paid by ECGC under WTPC?

- a. 40.00 Crore
- b. 37.50 Crore
- c. 32.50 Crore
- d. 25.00 Crore

Ans - c

A person resident outside India can establish a branch office in India provided it has a profitmaking track record during the immediately preceding 5 financial years in the home country and net worth of not less than ..... or its equivalent.

- a. USD 100000
- b. USD 75000
- c. USD 50000
- d. USD 25000

Ans - a

Under the Liberalised Remittance Scheme of RBI, loan cannot be given for remittances by resident individuals for which of following transaction?

- a. medical treatment abroad

- b. purchase of property abroad
- c. donation or gift
- d. none of the above

Ans - b

Mr. X wants to send a gift to his son residing in UK in Pound Sterling. What is the maximum amount he can remit under LRS of RBI?

- a. Equivalent of USD 250000 in a calendar year
- b. Equivalent of USD 250000 in a financial year
- c. Pound Sterling 250000 in a financial year
- d. Pound Sterling 250000 in a calendar year

Ans - b

Outward remittance can be made by a resident Indian, as part of current account transaction up to USD 250000 for (1) donation (2) employment (3) expenses of relative (4) studies (5) immigration (6) medical treatment:

- a. 1 to 6 all
- b. 1 only
- c. 2 and 6 only
- d. 4 to 6 only

Ans - a

Which of the following does not match in case of drawl of foreign exchange by residents .....

- a. Schedule I transactions - not permitted
- b. Schedule II transactions — with permission of Central Govt
- c. Schedule III transactions - with permission of RBI
- d. none of the above

Ans - d

What is the maximum amount that AD category-1 banks can release to an Indian residents for going abroad for business tour?

- a. USD 10000 per trip

- b. USD 250000 per FY
- c. USD 100000 lump sum
- d. USD 200000 lump sum

Ans - b

Under, UCPDC-600, the term "Middle" of a month .....

- a. Second week of the month
- b. Third week of the month
- c. 11th to 20th day of the month
- d. 5th to 15th day of the month

Ans - c

Under Whole-turnover packing Credit policy covered with ECGC i.e., ECIB-WTPC, the percentage of cover for Small Scale Exporter accounts .....

- a. 75% up to Grade percentage limit
- b. 55% to 75% depending on the Claim percentage
- c. 90% of the limit
- d. 65% of the limit

Ans - c

A person resident outside India can establish a liaison office in India provided it has a profitmaking track record during the immediately preceding 3 financial years in the home country and net worth of not less than ..... or its equivalent.

- a. USD 100000
- b. USD 75000
- c. USD 50000
- d. USD 25000

Ans - c

As per the article 5 of the UCPDC-600, Banks deals with .....

- a. Goods and services
- b. Performance of the contract

- c. Documents only  
d. None of the above.

Ans - c

An EEFC account can be opened as .....

- a. Savings Bank account  
b. Current Account  
c. FD/KD accounts  
d. SB/CA /FD/KD accounts

Ans - b

AD Category - I banks can approve Clean Credit i.e. credit given by a foreign supplier to its Indian customer / buyer, without any Letter of Credit (Suppliers' Credit) / Letter of Undertaking (Buyers' Credit) / Fixed Deposits from any Indian financial institution for import of Rough, Cut and Polished Diamonds, for a period not exceeding 180 days from the date of shipment.

- a. 90 days  
b. 180 days  
c. 270 days  
d. 360 days

Ans - b

As per extant FDI policy for Insurance sector, the limit of foreign investment in insurance sector has been enhanced ..... under the automatic route

- a. from 24% to 49%  
b. from 26% to 49%  
c. from 49% to 74%  
d. from 49% to 75%

Ans - b

A no. of reports are required to be sent to RBI on XBRL. XBRL stands for .....

- a. eXtensible Bank Reporting Language  
b. eXtensible Business Reporting Language

- c. eXpress Business Reporting Language  
d. eXpress bank Reporting Language

Ans - b

Under the Liberalised Remittance Scheme of RBI, Authorised Dealers may freely allow remittances by resident individuals by obtaining Form-A2, which is mandatory requirement if the amount of remittance is above ..... (i) USD 15000, (ii) USD 25000, (iii) USD 30000

- a. Only (i) and (ii)  
b. Only (i) and (iii)  
c. Only (ii) and (iii)  
d. (i), (ii) and (iii)

Ans - d

Mr. Z wants to visit a no. of European countries and has requested for obtaining foreign currency under LRS of RBI. How much amount will be available to him and how many times he can go outside India?

- a. USD 250000 per financial year without any restriction on no. of visits abroad  
b. USD 250000 per calendar year without any restriction on no. of visits abroad  
c. USD 250000 per financial year with maximum 3 visits abroad  
d. USD 250000 per calendar year with maximum 3 visits abroad

Ans - a

RBI may consider allowing FDI to entities having an established track record of running a Credit Information Bureau in a well regulated environment.

- a. up to 49% if their ownership is not well diversified (i.e., one or more shareholders each hold more than 10% of voting rights in the company)  
b. up to 26% if their ownership is not well diversified (i.e., one or more shareholders each hold more than 10% of voting rights in the company)  
c. up to 74% if their ownership is not well diversified (i.e., one or more shareholders each hold more than 10% of voting rights in the company)  
d. up to 26% if their ownership is not well diversified (i.e., one or more shareholders each hold more than 5% of voting rights in the company)

Ans - a

.....  
Largest number of buyers and sellers, greater the .....

- a. liquidity
- b. speculation
- c. hedging
- d. forward rate

Ans - a

.....

Repatriation of funds held in NRO Account can be done upto .....

- a. USD 10000 per FY without payment of tax
- b. USD 100000 per FY after payment of tax
- c. USD 1 million per FY after payment of tax
- d. Repatriation can't be done from NRO a

Ans - c

.....

M/s ABC Exports which is a Small unit as per MSME classification has achieved an export performance of \$ 20 million cumulatively in current plus previous two financial years. What will be its status under FTP 2015-20?

- a. One Star Export House
- b. Two Star Export House
- c. Three Star Export House
- d. Four Star Export House

Ans - a

.....

What is the maximum amount that AD category-1 banks can release for meeting maintenance expenses of relative abroad, in a financial year?

- a. USD 10000
- b. USD 25000
- c. USD 250000
- d. USD 200000

Ans - c

.....

.....

The Outstanding Export bills are to be reported to RBI at .....

- a. Half yearly intervals at March and September
- b. Half yearly intervals at June and December
- c. Quarterly intervals at the end of the quarter
- d. Fortnightly basis on 15th and last day of the month

Ans - b

.....

Exchange rate entail delivery of trade currency within two business days known as .....

- a. forward rate
- b. future rate
- c. spot rate
- d. bid rate

Ans - c

.....

Differences in nominal interest rates are removed in exchange rate is .....

- a. fisher effect
- b. Leontief paradox.
- c. combined equilibrium theory.
- d. purchasing power parity

Ans - a

.....

Simplicity with which bondholders and shareholders can change their investments into cash is known .....

- a. barter
- b. hedging
- c. arbitrage
- d. liquidity

Ans - d

.....

Eurobonds are admired because .....

- a. they are less risky than traditional bonds

.....



- b. European companies are considered very stable  
c. of absence of government regulation  
d. they are always denominated in euro

Ans - c

What is the maximum amount that AD category-1 banks can release to an Indian residents for going abroad for immigration? (a) USD 10000, (b) USD 100000, (c) USD 250000, (d) amount prescribed by country of immigration:

- a. b or d  
b. a or d  
c. c or d  
d. c only

Ans - c

M/s XYZ Exports has achieved an export performance of \$5million cumulatively in current plus previous two financial years. What will be its status under FTP 2015-20?

- a. One Star Export House  
b. Two Star Export House  
c. Three Star Export House  
d. Four Star Export House

Ans - a

RBI may consider allowing FDI to entities having an established track record of running a Credit Information Bureau in a well regulated environment.

- a. up to 26% if their ownership is well diversified  
b. up to 49% if their ownership is well diversified  
c. up to 74% if their ownership is well diversified  
d. up to 100% if their ownership is well diversified

Ans - d

Who is a 'Non-resident Indian (NRI)' ?

- a. a person resident outside India

- b. a person resident outside India who is a Person of Indian origin  
c. a person resident outside India who is a citizen of India  
d. c and d both

Ans - c

Currency declaration form is a declaration given to custom authorities while entering India by any person if .....

- a. Aggregate value of Foreign exchange in the form of Currency notes, TCs, exceeds USD 10000 or equivalent  
b. Aggregate Value of Foreign Currency notes exceeds USD 5000 or its equivalent  
c. Both a and b  
d. None of the above

Ans - c

AD Category – I banks can consider granting extension of time for settlement of import dues up to a period of ..... at a time (maximum up to the period of three years) irrespective of the invoice value for delays on account of disputes about quantity or quality or non-fulfilment of terms of contract; financial difficulties and cases where importer has filed suit against the seller

- a. 1 month  
b. 2 months  
c. 3 months  
d. 6 months

Ans - d

Under the Liberalised Remittance Scheme of RBI, it is mandatory to have PAN card to make remittances under the Scheme for capital account transactions. However, PAN card need not be insisted upon for remittances made towards permissible current account transactions up to USD

- a. USD 15000  
b. USD 25000  
c. USD 30000  
d. in all cases

Ans - b

.....

The All-in-Cost ceilings for External Commercial Borrowings for the maturity period of three years and up to five years is .....

- a. 6 months LIBOR plus 200 bps
- b. 6 months LIBOR plus 300 bps
- c. 6 months LIBOR plus 450 bps
- d. 6 months LIBOR plus 500 bps

Ans - b

.....

Which of the following remittance are not allowed under LRS, as capital account transactions .....

- a. opening of foreign currency account abroad
- b. purchase of property or making investment in shares or debt instruments or setting up wholly owned subsidiary companies & joint ventures
- c. extending loans including in Indian currency to non-resident Indians who are relatives
- d. none of the above

Ans - d

.....

What is the maximum amount that AD category-1 banks can release to an Indian residents for going abroad for employment?

- a. USD 10000
- b. USD.25000
- c. USD 250000
- d. USD 200000

Ans - c

.....

M/s XYZ Exports which is a Small unit as per MSME classification has achieved an export performance of \$ 2 million cumulatively in current plus previous two financial years.What will be its status under FTP 2015-20?

- a. One Star Export House
- b. Two Star Export House
- c. Three Star Export House
- d. Four Star Export House

Ans - a

.....

.....

Bid quote is for .....

- a. seller
- b. buyer
- c. hedger
- d. speculator

Ans - b

.....

Bid-ask spread in foreign exchange market is the .....

- a. price of currency in foreign exchange market
- b. difference between bid and ask quotes for a currency
- c. price at which a bank will buy a currency
- d. price a bank will pay for a currency

Ans - b

.....

Not aim of international capital market is .....

- a. preserving hard currencies to finance trade deficits
- b. reducing cost of money to borrowers
- c. reducing investor risk
- d. expanding money supply for borrowers

Ans - a

.....

A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions (which one is not correct): (i) Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955, (ii) Who is a child or a grandchild or a great grandchild of a citizen of India, (iii) Who is a spouse of foreign origin of a citizen of India

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

What is the maximum amount that AD category-1 banks can release to an Indian resident for private visit abroad?

- a. Rs.10000 in a financial year
- b. USD 10000 in a calendar year
- c. USD 10000 per personal visit
- d. none of the above

Ans - d

Which of following causes do investors employ foreign exchange market? (i) currency hedging, (ii) currency speculation, (iii) currency conversion

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Any person resident outside India, having a business interest in India, may open an ..... account in Indian Rupee with Authorized Dealers for the purpose of putting through bona fide transactions in rupees.

- a. Foreign currency non-resident account
- b. special non-resident rupee account
- c. non-resident ordinary account
- d. non-resident external rupee account

Ans - b

What is the maximum amount that AD category-1 banks can release (per academic year) to an Indian resident for going abroad for studies? (a) USD 10000, (b) USD 25000, (c) USD 250000 per academic year, (d) amount estimated by the institution abroad

- a. b or d whichever is higher
- b. a or d whichever is higher
- c. c or d whichever is higher
- d. C only

Ans - c

.....  
Out of the total forex sold to a resident Indian, the form of currency notes in which of the following does not match .....

- a. for Russia, Iran, CIS countries — no ceiling for amount being released in currency notes and coins
- b. for Iraq and Libya—Max USD 10000 can be released in currency notes and coins
- c. for other countries— Max USD 3000 can be released in currency notes and coins
- d. none of the above

Ans - b

.....  
Any denomination of Indian currency can be taken to Nepal & Bhutan, when the amount is up to .....

- a. Rs. 5000
- b. Rs. 10000
- c. Rs. 15000
- d. Rs. 25000

Ans - d

.....  
A resident individual can lend to Non-Resident Indian or Personal of India Origin max ..... in India and amount of loan should be credited to .....

- a. Up to USD 125000 by crediting the amount to NRO account of NRI / PIO
- b. Up to USD 250000 by crediting the amount to NRO account of NRI / PIO
- c. within LRS limit of USD 250000 by crediting the amount to NRO account of NRI / PIO
- d. within LRS limit of USD 250000 by crediting the amount to NRO or NRE account of NRI / PIO

Ans - c

.....  
If all the terms and conditions of shipment are given on the bill of lading document itself, such bill of lading is called as .....

- a. Complete bill of lading
- b. Long form bill of lading
- c. Short form bill of lading
- d. Straight bill of lading

Ans - b

AD banks may approve trade credits per import transaction for individual transaction up to .....

- a. USD 1 million
- b. USD 10 million
- c. USD 20 million
- d. USD 1 billion

Ans - c

The PCFC will be available for the maximum period of .....

- a. 90 days
- b. 180 days
- c. 270 days
- d. 360 days

Ans - d

The bill of lading which covers the entire voyage covering more than one vessel is called as .....

- a. Straight bill of lading
- b. Chartered party bill of lading
- c. Through Bill of lading Clause
- d. Bill of lading

Ans - c

Any Bill of lading is safe for negotiation purposes if ..... (i) It acknowledges that the goods have been put on board of the shipment, (ii) No superimposed clause or notation that expressly declares the defective condition of the goods, (iii) It is an acknowledgement that the goods have been received by the ship owners for shipment

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

The bill of lading which covers the entire voyage including overland journey of goods is called as .....

- a. Straight bill of lading
- b. Combined transport bill of lading
- c. Through Bill of lading
- d. Claused Bill of lading

Ans - b

.....

The banks which may purchase or sell foreign currency in different markets to take advantages of the rate differentials is called .....

- a. Hedging
- b. SWAP
- c. Arbitrage
- d. Cover deal

Ans - c

.....

A person does a transaction with Spot value on 28th February 2017 (Friday), then the settlement for this transaction will be done on .....

- a. 3rd March 2017
- b. 4th March 2017
- c. 5th March 2017
- d. On the same day

Ans - b

.....

Outward remittance under Liberalized Remittance Scheme (LRS) of RBI are permitted up to an amount of .....

- a. USD 125000 per calendar year for permitted capital and current account transactions
- b. USD 125000 per financial year for permitted capital and current account transactions
- c. USD 250000 per financial year for permitted capital and current account transactions
- d. USD 250000 per calendar year for permitted capital and current account transactions

Ans - c

.....



Under UCPDC-600, if the provisions of LC and the UCDPC are contradictory .....

- a. Provision of UCPDC would prevail over the provisions of LC
- b. Provisions of LC would prevail over the provisions of UCPDC
- c. Provisions favourable to the beneficiary would prevail d.
- d. Provisions favourable to the applicant would prevail

Ans - b

"Shipment date in a letter of credit is stipulated month". The expression means that the shipping is in .....

- a. 1st week of the month
- b. 1st three days of the month
- c. 1st ten days of the month
- d. None of the above.

Ans - c

What is the amount of foreign exchange which authorized dealers can release for meeting hospitalization expenditures abroad?

- a. it is restricted to USD 100000 in a financial year
- b. it can be any amount on the basis of self declaration without any documentary proof
- c. it can be up to USD 250000 on the basis of self declaration and any amount on the basis of hospital estimate
- d. it can be up to USD 100000 on the basis of hospital estimate

Ans - c

In a letter of credit, the shipment date is mentioned as on or about June 30 ,2017. The shipment should take place .....

- a. on last day of the June 2017
- b. between 16th June and 30th June
- c. between 21st June and 30th June
- d. between 26th June and 5th July

Ans - d

.....

The maximum period for a which special non-resident rupee account can be opened by a foreigner for business purpose is .....

- a. one year
- b. three years
- c. five years
- d. seven years

Ans - d

.....

What is the full form of UCPDC?

- a. Unilateral Customs and Practices for Demand Credit
- b. Uniform Customs and Practices for Documentary Credit
- c. Uniform Customs and Principles for Documentary Credit
- d. Uniform Customs and Practices for Demand Credit

Ans - b

.....

Under Gold Card Scheme for exporters, the banks are required to sanction a standby limit of not less than ..... %

- a. 10
- b. 20
- c. 25
- d. 30

Ans - b

.....

The NRE/ NRO accounts can be opened by NRI/PIO as a joint accounts with close relatives who are resident Indian under ..... condition

- a. Either or Survivor
- b. Jointly
- c. Former or Survivor
- d. Can't be opened with resident Indian

Ans - c

.....

.....

Which of the following authority regulates Foreign Trade in India?

- a. DGFT
- b. SEBI
- c. EXIM Bank
- d. RBI

Ans - a

Pre-shipment credit in foreign currency can be allowed at which of the following interest rates?

- a. EURIBOR
- b. EURO LIBOR
- c. LIBOR
- d. All of the above

Ans - c

Which is true in NRO account?

- a. Any person who is a resident can open the account
- b. Any person resident in Nepal and Bhutan can open
- c. Additional preferential interest rate for staff deposit not available
- d. No restriction in repatriation of funds from NRO accounts

Ans - c

Resident Foreign Currency (Domestic) account can be opened as .....

- a. Only Current account
- b. SB/CA
- c. Term deposits only
- d. SB/CA and Term deposits

Ans - a

SIBOR means .....

- a. Symbolic inter-bank Offered rate
- b. Sri Lanka Inter-bank Offered rate

- c. Singapore Inter-bank Offered rate  
d. Systematic Inter-bank Offered rate

Ans - c

Under UCPDC-600, branches of same bank in different countries are .....

- a. Same bank  
b. Different bank  
c. Associate bank  
d. Subsidiary bank

Ans - b

In respect of sale or purchase of foreign exchange, the following principal would be followed in direct rate .....

- a. Buy high  
b. Sell low  
c. Buy low, sell high  
d. Buy high, sell low

Ans - c

If a company agreements today for several future date of real currency exchange, they will be building use of a .....

- a. stock rate  
b. stock rate  
c. futures rate  
d. forward rate

Ans - d

Form A2 is used for obtaining foreign exchange ..... (a) for import payments, (b) for remittances other than imports, (c) for amount up to USD 5000, (d) for amount above USD 25000.

- a. a and d are correct  
b. a and c are correct  
c. b and c are correct

d. b and d are correct

Ans - d

In 1944 international accord is recognized as .....

- a. Breton Wood Agreement
- b. Exchange Agreement
- c. International Trade
- d. Fisher Effect

Ans - a

General permission is available to any resident individual to surrender received / realised / unspent / unused forex with in a period of .....

- a. 60 days
- b. 90 days
- c. 180 days
- d. no time limit

Ans - c

Drawl of foreign exchange by a person in India is not permitted in respect of which of the following? (i) transactions given in Schedule I to FEMA, (ii) travel to Nepal and Bhutan, (iii) transactions with persons resident in Nepal and Bhutan

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

As per the Delegation of power, the Manager-in-charge of Medium branch/Large branch/ELB/VLB can grant loans/ advances against NRE and FCNR(B) deposits to the depositors is .....

- a. Rs. 30 lacs
- b. Rs. 50 lacs
- c. Rs. 75 lacs

d. Rs. 100 lacs

Ans - d

In case of usance bills, the Normal Transit period (NTP) as prescribed by FEDAI is .....

- a. 7 days
- b. 15 days
- c. 25 days
- d. 30 days

Ans - c

The exporter should necessarily submit the export documents to the bank within .....

- a. 15 days from the date of the documents
- b. 15 days from the date of shipment
- c. 21 days from the date of the documents
- d. 21 days from the date of shipment

Ans - d

A contract which affords adequate protection to an exporter or an importer against exchange risk is .....

- a. Hedging
- b. Guarantee
- c. Letter of Credit
- d. Forward Contract

Ans - d

For advising / transfer of Export Letter of credits to Non-customer, the service charges collected are .....

- a. Rs. 1000/- per ELC
- b. Rs. 750/- per ELC
- c. Rs. 1500/- per ELC
- d. No charges to be collected

Ans - c

What is the maximum extent up to which a person resident in India can retain foreign currency and foreign coins?

- a. any amount of currency notes and coins
- b. maximum USD 2000
- c. foreign currency up to USD 2000 and no limit on coins
- d. foreign currency no limit and coins up to USD 2000

Ans - c

An NRI has sold a property in Delhi; he inherited from his parents 2 years back for a total amount of USD 14, 00,000. He wants its remittance to country of his residence .....

- a. he can do so up to USD 1 million per financial year without any lock in period
- b. he can do so up to USD 10 million per financial year without any lock in period
- c. he can do so up to USD 1 million per financial year after a lock in period of 2 years
- d. he can do so up to USD 1 million per financial year after a lock in period of 3 years

Ans - a

The rate that Indian banks and other derivative market participants use as a benchmark for setting prices on forward rate agreements and interest rate derivatives .....

- a. London Inter-bank offered rate[LIBOR]
- b. Mumbai inter-bank offered rate[MIBOR]
- c. Mumbai Inter-bank Forward Offered rate [ MIFOR]
- d. Euro Inter-bank offered rate [ EURIBOR]

Ans - c

Under UCPDC-600, a bank assumes no responsibility for consequences arising out of the interruption of its business by the Acts of God, riots, civil commotions, insurrections, wars, acts of terrorism, or by any strikes or lockouts or causes beyond its control. This is called as .....

- a. Disclaimer
- b. Force majeure
- c. Modus operandi
- d. Exclusion of liability

Ans - b

.....

The statutory authority which administers the Exchange Control in India .....

- a. Ministry of commerce
- b. DGFT
- c. FEDAI
- d. RBI

Ans - d

.....

In foreign Exchange transaction, which of the following is the basic buying rate .....

- a. Bills Buying rate
- b. TT Buying rate
- c. FC buying rate
- d. Direct rate

Ans - b

.....

The Balance in hand at the close of the day is called .....

- a. Short position
- b. Long position
- c. Overnight position
- d. Day light position

Ans - c

.....

Which of the following can remit up to US \$ 250000, under RBI's liberalized remittance scheme?

- a. Resident individuals only
- b. All NRIs
- c. Resident individual and other than individuals
- d. all the above

Ans - c

.....

Outward remittance under Liberalized Remittance Scheme (LRS) of RBI are permitted to (1) Individuals (2) on behalf of Minor (3) HUF (4) Partnership (5) Company (6) Trust

- a. 1 to 6 all
- .....



- b. 1 to 3 only  
c. 1 and 2 only  
d. 1 only

Ans - c

The rate of interest equalisation available on Pre-Shipment Rupee Export Credit and Post-Shipment Rupee Export Credit is ..... % per annum:

- a. 2  
b. 3  
c. 4  
d. 5

Ans - b

The duration of interest equalisation scheme for Pre-Shipment Rupee Export Credit and Post-Shipment Rupee Export Credit is ..... w.e.f 01.04.2015

- a. 5 years  
b. 4 years  
c. 3 years  
d. 1 year

Ans - a

While considering extension beyond one year from the date of remittance, the AD Category-1 have to ensure that the total outstanding of the importer should not exceed USD ..... or 10 per cent of the average import remittances during the preceding two financial years, whichever is lower

- a. USD one lac  
b. USD five lac  
c. USD one million  
d. USD ten million

Ans - c

F-TRAC of the Clearcorp Dealing Systems (India) Ltd., stands for .....

- a. Forward Market Trade Reporting and Confirmation Platform

- b. Financial Market Trade Reporting and Confirmation Platform
- c. Financial Market Trade Requirement and Confirmation Platform
- d. Financial Market Trade Reporting and Consolidation Platform

Ans - b

Under the Liberalised Remittance Scheme of RBI, Authorised Dealers may freely allow remittances by resident individuals beyond the prescribed limit of USD 250000 for which of following current account transactions on the basis of additional documentation : (1) medical treatment abroad (2) studies abroad (3) emigration (4) employment abroad

- a. 1 to 4 all
- b. 1, 2 and 4 only
- c. 1, 2 and 3 only
- d. 1 and 2 only

Ans - c

International Money Market is for about .....

- a. 2 years
- b. 3 years
- c. 5 years
- d. 1 years

Ans - d

The GR follow up charges for overdue export bills is .....

- a. Rs.100/- per month per bill
- b. Rs.500/- per quarter or part thereof per bill
- c. Rs.1000/- per bill
- d. No charges

Ans - b

The term deposit of NRE and FCNR accounts can be opened for maximum period of ..... and ..... years

- a. 1 year and 3 years respectively
- b. 2 years and 3 years respectively

- c. at bank discretion and 5 years respectively  
d. 3 years and 5 years respectively

Ans - c

While issuing the bill of lading to an exporter, a shipping company stated on the bill of lading that there has been few defects in the packing of goods. What type of bill of lading it is .....

- a. on-board bill of lading  
b. claused bill of lading  
c. clean bill of lading  
d. short bill of lading

Ans - b

Market in which currencies buy and sell and their prices settle on is called the .....

- a. Eurocurrency market  
b. international capital market  
c. international bond market  
d. foreign exchange market

Ans - d

In an international trade transaction, when the seller places the goods at the side of the ship at named port and also clears the goods for Export, which Incoterms will be used?

- a. FCA- Free Carrier  
b. FOB – Free on Board  
c. FAS – Free Alongside Ship  
d. DAP – Delivery at

Ans - c

As per RBI guidelines, the exporters are caution-listed if any shipping bill remains open formore than ..... from date of shipment in RBI's EDPMS

- a. 3 months  
b. 6 months  
c. one year

.....

d. two years

Ans - d

.....

International capital market .....

- a. innovative financial instruments
- b. information technology
- c. deregulation
- d. foreign exchange rates

Ans - d

.....

Where an AD releases forex, what are the provisions of endorsement on the passport?

- a. endorsement can be done at the request of the applicant
- b. endorsement to be done invariably
- c. endorsement cannot be done even at the request of the applicant
- d. none of the above

Ans - a

.....

INCOTERMS issued by ICC, Paris is called as .....

- a. Indian company terms
- b. International Commercial Terms
- c. International Contract terms
- d. None of the above

Ans - b

.....

Which of the following is not an Incoterms 2010 for exclusive sea and inland waterway transport?

- a. FOB
- b. CIP
- c. CIF
- d. CFR

Ans - b

.....

.....

Balance of Trade means .....

- a. Net position of capital account
- b. Current account balance
- c. Imports less exports
- d. Exports less imports

Ans - d

The permissible capital account transactions by an individual under LRS are ..... (i) opening of foreign currency account abroad with a bank, (ii) purchase of property abroad, (iii) making investments abroad-acquisition and holding shares of both listed and unlisted overseas company or debt instruments; acquisition of ESOPs; investment in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which of the following is most preferred LC for an exporter?

- a. Revocable
- b. Irrevocable and red clause
- c. Irrevocable, confirmed and without recourse
- d. Confirmed and standby

Ans - c

Transferable Letter of credits can be transferred .....

- a. Any number of times
- b. Only once
- c. 2 times
- d. 5 times

Ans - b

Under the Liberalised Remittance Scheme of RBI, Authorised Dealers may freely allow remittances by resident individuals within the prescribed limit for which of following current account transactions : (1) private visit or business trips (2) gift/donation (3) going abroad on employment, emigration or for medical treatment (4) maintenance of close relatives abroad or for studies abroad

- a. 1 to 4 all
- b. 1, 2 and 4 only
- c. 1, 2 and 3 only
- d. 1 and 2 only

Ans - a

Order cost is cost of the .....

- a. executing order
- b. processing order
- c. opportunity cost
- d. none of these

Ans - b

International capital market .....

- a. limits available set of lending opportunities
- b. increases overall portfolio risk for investors
- c. allows investors to reduce risk by holding international securities whose price move independently
- d. is easily accessible to everyone

Ans - c

The rate of interest equalization available on pre shipment rupee export credit and post shipment rupee export credit is ..... % per annum

- a. 3
- b. 2
- c. 4
- d. 5

Ans - a

.....  
Ask quote is for .....

- a. seller
- b. buyer
- c. hedger
- d. speculator

Ans - a  
.....

The charges for effecting each clean outward remittance for individuals up to Rs.250000/- is .....

- a. Rs.100/-
- b. Rs.500/-
- c. Rs.1000/-
- d. Rs.1500/-

Ans - b  
.....

In case of outward remittance if foreign currency, what is the amount that can be accepted in Indian Cash?

- a. up to Rs 20000
- b. less than Rs 20000
- c. up to Rs 50000
- d. less than Rs 500000

Ans - a  
.....

Incoterms 2010 which is in practice now a day from .....

- a. 01.12.2010
- b. 01.01.2011
- c. 01.10.2010
- d. 01.05.2011

Ans - b  
.....

How many Incoterms are prescribed under INCOTERMS 2010?

- a. 10
- .....

- b. 11  
c. 12  
d. 13

Ans - b

For purchase of foreign exchange, the AD can accept cash (Indian Rupees), if such amount .....

- a. does not exceed Rs.20000  
b. is less than Rs.20000 only  
c. is less than Rs.50000  
d. only does not exceed Rs.50000

Ans - d

Under RBI's liberalised remittance scheme (LRS), the AD banks can remit up to .....

- a. USD 25000 in a calendar year  
b. USD 50000 in a calendar year  
c. USD 75000 in a financial year  
d. USD 250000 in a financial year

Ans - d

Under the Liberalised Remittance Scheme of RBI, Authorised Dealers may freely allow remittances by resident individuals up to .....

- a. USD 1,20,000 per Financial Year (April-March) for permitted current account transaction  
b. USD 2,50,000 per Financial Year (April-March) for permitted current account transaction only  
c. USD 1,25,000 per Financial Year (April-March) for any permitted current or capital account transaction or a combination of both  
d. USD 2,50,000 per Financial Year (April-March) for any permitted current or capital account transaction or a combination of both

Ans - d

LC issued in lieu of bank guarantee, is called .....

- a. Red clause LC  
b. Green Clause LC



- c. Standby LC  
d. Revolving LC

Ans - c

What is full form of EDPMS?

- a. External data processing and monitoring system  
b. Export data processing and monitoring system  
c. Export data preparing and monitoring system  
d. Export data processing and making system

Ans - b

Mr. X, a resident of Bangalore, had shifted to USA for settled there itself. While in USA, he married a USA girl, Y, What is the status of Y as per FEMA?

- a. An Indian Resident  
b. Foreigner  
c. A person of Indian origin  
d. Non-resident Indian

Ans - c

IF the contraventions of any direction given by RBI under FEMA or to file a return as per the Act, RBI can impose additional fine that may extend up to .....

- a. Rs.200 per day  
b. Rs.500 per day  
c. Rs.1000 Per day  
d. Rs.2000 per day

Ans - d

An exporter gets a letter of credit for export of garments to US but the expiry date of the credit falls on 15th August, which is a public holiday in India. In such circumstances, the documents for negotiation can be submitted to the negotiating bank on .....

- a. Succeeding working day  
b. Succeeding banking day

- c. Preceding business day  
d. Preceding banking day

Ans - b

R-Return refers to returns concerning .....

- a. ALM Position  
b. CRR maintenance position  
c. NPA/SWL position  
d. Foreign Exchange transactions

Ans - d

The forward sale or purchase of foreign currency to reduce the exchange risk exposure connected with the assets or liabilities denominated in Foreign currency is called .....

- a. Hedging  
b. Squaring  
c. Brokering  
d. Spreading

Ans - a

Any Resident individuals with actual forex exposures are allowed to book forward contracts upto ..... on declaration, subject to certain conditions

- a. USD 10,000  
b. USD 100,000  
c. USD 200,000  
d. USD 250,000

Ans - d

In case of Foreign Currency Non- Resident(Banks ) account, the ceiling of Interest rate for the term deposits of 3 to 5 years are .....

- a. LIBOR + 100 bps  
b. LIBOR + 200 bps  
c. LIBOR + 300 bps

d. LIBOR + 400 bps

Ans - c

What is LERMS in terms of exchange rate mechanism?

- a. Liberalised Exchange Rate Monitoring System
- b. Liberalised Export Regime & Monitoring System
- c. Liberalised Exchange Rate Management System
- d. None of the above

Ans - c

Which of the following is not true with respect to receipt of advance payment for export?

- a. Shipment should be made within 3 years from date of receipt of advance
- b. Interest payable on advance amount should not exceed LIBOR + 100bps
- c. Exporters with three years good track record can receive long term advance upto 10 years
- d. Rate of interest payable on receipt of long term advance should not exceed LIBOR + 200bps

Ans - a

While quoting the rates, the banks take into account the time factor i.e. how much is going to be taken to get the purchased currency credited to the NOSTRO account abroad. This date is known as .....

- a. Cash date
- b. Spot date
- c. Forward Date
- d. Value date

Ans - d

FCNR(B) deposits can be opened as Term deposit for the period .....

- a. Minimum 15 days, Maximum 10 years
- b. Minimum 1 year, Maximum 5 years
- c. Minimum 1 year 1 day, Maximum 2 years
- d. Minimum 1 year, Maximum 10 years

Ans - b

.....

A firm that purpose to connect sellers and buyers of foreign currency-denominated bank deposits is entitled .....

- a. a wholesaler
- b. a broker
- c. a bank
- d. an investor

Ans - b

.....

A simultaneous purchase and sale of foreign exchange for two different dates .....

- a. currency devalue
- b. currency swap
- c. currency valuation
- d. currency exchange

Ans - b

.....

If your local currency is in variable form and foreign currency is in fixed form quotation will be .....

- a. indirect
- b. direct
- c. local form
- d. foreign form

Ans - b

.....

Which currency is known as base currency in terms of Exchange Rate Mechanism?

- a. The currency with lowest value is base currency
- b. The currency which is freely convertible
- c. One unit of fixed amount of currency
- d. None of the above

Ans - c

.....

What is the maximum amount that can be deposited in EEFC account .....

- a. 25% of the exchange earned
- .....

- b. 50% of the exchange earned
- c. 75% of the exchange earned
- d. 100% of the exchange earned

Ans - d

The gap between the buying rate and selling rate of a currency is called .....

- a. Bid-ask spread
- b. Dealer's margin
- c. Dealer's spread
- d. Exchange margin

Ans - a

Any LC is the one that can be cancelled or amended at any time without giving prior notice to the knowledge of the beneficiary is called .....

- a. Red Clause LC
- b. Stand by LC
- c. Revocable LC
- d. Irrevocable LC

Ans - c

Mr. Jayant is going abroad for Medical Treatment at Singapore. He is accompanied by his wife as attendant. How much foreign Exchange can be released to attendant as per FEMA?

- a. USD 10000
- b. USD 25000
- c. USD 100000
- d. USD 250000

Ans - d

Which currency is known as Terms Currency in terms of Exchange Rate Mechanism?

- a. The currency which is quoted as variable amount
- b. The currency which is freely convertible
- c. Currency which dictates terms of market

d. None of the above

Ans - a

M/s XYZ Exports had availed Packing Credit of Rs.40 Crore from Canara Bank which is defaulted. Canara Bank wants to recover its dues by invoking guarantee from ECGC under WTPC. What will be the maximum amount which will be paid by ECGC under WTPC?

- a. 32.00 Crore
- b. 30.00 Crore
- c. 26.00 Crore
- d. 20.00 Crore

Ans - b

What will be the percentage of cover available to our bank under ECIB-WTPS for amount upto Rs.1992.17 lakhs for bills drawn on non associate non policy holder exporter?

- a. 65
- b. 70
- c. 75
- d. 90

Ans - c

For purchase of foreign exchange in cash, above the prescribed amount, the payment can be accepted .....

- a. crossed cheque drawn on applicant's bank or sponsoring company's bank account
- b. banker's cheque / demand draft / payment order
- c. debit / credit / prepaid card
- d. any of the above

Ans - d

Separate reporting has been discontinued from HY December 2015 onwards for which of the following, because the information is available on EDPMS of RBI?

- a. BEF
- b. R-return

- c. XOS  
d. all the above

Ans - c

The importer has to use Form A1, if the import payment exceeds .....

- a. USD 500000 or its equivalent  
b. USD 100000 or its equivalent  
c. USD 5000 or its equivalent  
d. Use of Form A1 since dispensed with

Ans - d

For transactions under Asian Clearing Union arrangement, the minimum amount which RBI receives in USD and/or Euro is .....

- a. USD 25000 or Euro 25000  
b. USD 10000 or Euro 10000  
c. USD 1000 or Euro 1000  
d. USD 500 or Euro 500

Ans - a

Any LC which permits the advances for storage of goods in a warehouse in addition to pre-shipment advance is called as .....

- a. Back to back LC  
b. Standby LC  
c. Green Clause LC  
d. Red clause LC

Ans - c

For transactions under Asian Clearing Union arrangement, the minimum amount which RBI pays in USD and/or Euro is .....

- a. USD 25000 or Euro 25000  
b. USD 10000 or Euro 10000  
c. USD 1000 or Euro 1000

d. USD 500 or Euro 500

Ans - d

When a dealer purchases more of a currency and is unable to dispose it off, the bank is exposed to .....

- a. Loss
- b. Exchange risk
- c. Oversold position
- d. Dealing risk

Ans - b

The time limit for settlement of usance bills under import payment for capital goods is .....

- a. Maximum 6 months from the date of shipment
- b. Maximum 12 months from the date of shipment
- c. Maximum up to the period less than 3 years
- d. Maximum 6 months from the date of documents.

Ans - c

The foreign exchange can be released as Currency notes / Coins up to .....

- a. USD 3000 or its equivalent
- b. USD 5000 or its equivalent in case of Iraq and Libya
- c. No ceiling in case of Iran, Russian Federation, and other republics of commonwealth of independent countries
- d. All of the above

Ans - d

Which is not correct in case of outward remittances under Liberalised Remittance Scheme?

- a. Remittance for any purpose specifically prohibited under Schedule-1 of FEMA
- b. Remittances made to Bhutan, Nepal, Mauritius or Pakistan permitted
- c. Remittances can be made by any Resident Corporate, Partnership firms, HUFs, Trusts etc.
- d. It is mandatory to have PAN number to make remittances

Ans - c



.....

In a quote exchange rate, currency that is to be purchase with another currency is called .....

- a. liquid currency
- b. foreign currency
- c. local currency
- d. base currency

Ans - d

.....

Under LERMS what percentage of Forex was required to be converted at RBI official rate?

- a. 20
- b. 40
- c. 60
- d. 80

Ans - b

.....

The charges collected for every request for early delivery, extension, roll over or cancellation of Forward sale/ purchase contract is .....

- a. Rs. 200/- per contract
- b. Rs. 500/- per contract
- c. Rs. 500/- per request + swap cost and cancellation charges where applicable
- d. Rs. 1000/- per request + swap cost and cancellation charges where applicable

Ans - c

.....

Holding an inventory have .....

- a. buying cost
- b. selling cost
- c. opportunity cost
- d. exchange rate risk

Ans - c

.....

Today, important factor that result in augmentation in international bond market is .....

- a. low interest rates
- .....

- b. high interest rates
- c. moderate interest rates
- d. all of above

Ans - a

Outward remittance can be made by a resident Indian, as part of current account transaction in excess of USD 250000 against documentary evidence for (1) donation (2) employment (3) expenses of relative (4) studies (5) immigration (6) medical treatment

- a. 1 to 6 all
- b. 1 only
- c. 2 and 6 only
- d. 4 to 6 only

Ans - d

Which of the following can Remittance scheme?

- a. All resident individuals
- b. Resident companies
- c. All NRIs Resident partnership firms
- d. Resident HUFs and Trusts

Ans - a

Visit by a resident Indian to which of the following countries are not eligible for obtaining foreign exchange under forex facilities to residents?

- a. All SAARC countries
- b. All EEC countries
- c. All CIS countries
- d. Nepal and Bhutan

Ans - d

A nominated bank or issuing bank shall each have a maximum of ..... following the day of presentation to determine if the documents are in order

- a. 2 banking days

- b. 5 working days
- c. 5 banking days
- d. 15 banking days

Ans - c

The bank which undertakes the responsibility of payment by the issuing bank and on its failure to pay is called .....

- a. Negotiating bank
- b. Confirming bank
- c. Reimbursing bank
- d. Advising Bank

Ans - b

Under UCPDC-600, if the expiry date of a credit or the last day for presentation falls on a day when the bank to which presentation is to be made is normally closed, the expiry date or the last day for presentation, as the case may be will be .....

- a. the first preceding banking day
- b. the first following day
- c. the next following business day
- d. the first preceding business day

Ans - c

Which of the following is NOT a capital account transaction?

- a. Investment in foreign securities
- b. Transfer of immovable property outside India
- c. Export and import in to India
- d. Raising foreign currency loans in India and abroad

Ans - c

For which of the following transactions under LRS of RBI, banks cannot give loan?

- a. medical treatment outside India
- b. purchase of property outside India

- c. making donation in favour of a Trust outside India  
d. all the above

Ans - b

Whenever the NRI visits India on his temporary visit, can render Foreign currency to his accounts exceeding ..... has to submit Currency declaration form.

- a. USD 3000  
b. USD 5000  
c. USD 10000  
d. USD 25000

Ans - b

Any forex remittances with relates to Cultural tour as per the Schedule II of FEMA should obtain permission from which ministry for release of forex?

- a. Ministry of finance  
b. Ministry of HRD  
c. Ministry of surface transport  
d. Ministry of Information and Broadcasting

Ans - b

Which of the form does not match its purpose?

- a. ETX- Seeking extension in realisation of bills from RBI  
b. XOS- Statement of exports bills outstanding more than 6 months  
c. EFC- Opening of Foreign Currency accounts with a bank in India or abroad by Exporters  
d. BEF –Application for payment of import payment

Ans - d

As per extant RBI directives, the amount of permitted trade transaction, under the Rupee Drawing Arrangements (RDAs) shall not exceed Rs..... per transaction

- a. Rs.10 lac  
b. Rs.15 lac  
c. Rs.25 lac

d. Rs.100 lac

Ans - b

Custom office returns to the exporter, which copy of the export declaration form?

- a. Trade control copy
- b. Currency control copy
- c. Exchange control copy
- d. Foreign control copy

Ans - c

Against the pre-shipment credit, the refinance is available from ..... maximum for ..... days

- a. RBI, 90 days
- b. EXIM Bank, 90 days
- c. Exim Bank, 180 days
- d. refinance is not available

Ans - d

Governments enforce currency limitations to ..... (i) protect a currency from speculators, (ii) keep resident individuals and businesses from investing in other nations, (iii) preserve hard currencies to finance trade deficits or repay debts

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Foreign investment up to ..... % under the automatic route has been permitted in the plantation sector which includes tea plantations, coffee plantations, rubber plantations, cardamom plantations, palm oil tree plantations and olive oil tree plantations

- a. 26
- b. 51
- c. 74

d. 100

Ans - d

If U.S. inflation suddenly increased while European inflation stayed the same, there would be .....

- a. an increased U.S. demand for Euros and an increased supply of Euros for sale.
- b. a decreased U.S. demand for Euros and an increased supply of Euros for sale.
- c. a decreased U.S. demand for Euros and a decreased supply of Euros for sale.
- d. an increased U.S. demand for Euros and a decreased supply of Euros for sale.

Ans - d

For availing the remittance facility under LRS of RBI, the remitter is required to make application / declarations on .....

- a. Form CDF
- b. Form A-1
- c. Form A-2
- d. Form EDF

Ans - c

Which of the following is true with regard to borrowings in Foreign Currency from Close relatives outside India? (i) The borrowing sum not to exceed USD 250000 or its equivalent from his close relatives outside India, (ii) Minimum maturity period of the loan is one year, (iii) Amount of loan is received by inward remittance in free forex through normal banking channels or by debit to NRE/FCNR account of a non- resident lender

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

A person resident in India is allowed to retain foreign currency notes up to an amount of ..... or its equivalent

- a. No limit

- b. USD 2000  
c. USD 5000  
d. USD 10000

Ans - b

In a letter of credit, by adding a confirmation, the confirming bank undertakes the responsibility similar to that of .....

- a. Negotiating bank  
b. Advising bank  
c. Issuing bank  
d. Both b and c

Ans - c

An exporter received advance against export supply can accept the advance and pay maximum interest rate of .....

- a. BPLR  
b. BPLR + 100 bps  
c. LIBOR  
d. LIBOR + 100 bps

Ans - d

Under UCPDC-600, the documents must be presented by or on behalf of the beneficiary for payment, not later than ..... after the date of shipment, but in any event not later than the expiry date of the credit

- a. 21 banking days  
b. 21 business days  
c. 21 working days  
d. 21 calendar days

Ans - a

Pre-shipment Credit in Foreign Currency is allowed at ..... related interest rates

- a. LIBOR

- b. SIBOR
- c. EURIBOR
- d. MIBOR

Ans - a

When computing the weighted average cost of capital, the weighting should be proportional based on the ..... rather than the ..... value of the firm.

- a. book, market
- b. hypothetical, book
- c. market, analyst's
- d. market, book

Ans - d

When the dollar strengthens, the reported consolidated earnings of U.S. based MNCs are ..... affected by translation exposure. When the dollar weakens, the reported consolidated earnings are ..... affected.

- a. favorably; favorably affected but by a smaller degree
- b. favorably; favorably affected by a higher degree
- c. unfavorably; favorably affected
- d. favorably; unfavorably affected

Ans - c

Which one of the following areas is NOT a way companies often respond to exchange rate risk when they alter their product strategy?

- a. shifting the firm's manufacturing base to another country
- b. the timing of new-product introduction
- c. changing the size of its product line
- d. product innovation with advanced technology

Ans - c

The real cost of hedging payables with a forward contract equals .....

- a. the nominal cost of hedging minus the nominal cost of not hedging
- b. the nominal cost of not hedging minus the nominal cost of hedging



- c. the nominal cost of hedging divided by the nominal cost of not hedging  
d. the nominal cost of not hedging divided by the nominal cost of hedging

Ans - a

As per FDI Policy, Portfolio investment up to aggregate foreign investment level of ..... % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance with the sectoral conditions provided such investment does not result in change in ownership leading to control of Indian entities

- a. 24  
b. 49  
c. 50  
d. 74

Ans - b

For FDI purpose, a company or a limited liability partnership shall be considered as owned by resident Indian citizens if more than ..... % of the capital in it, is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately owned and controlled by resident Indian citizens

- a. 24  
b. 49  
c. 50  
d. 74

Ans - c

Foreign investment up to ..... % is allowed under the automatic route, in Non-Banking Finance Companies (NBFCs) engaged in the select 18 activities

- a. 26  
b. 51  
c. 74  
d. 100

Ans - d

Which of the following would likely have the least direct influence on a country's current account?

- a. inflation
- b. national income
- c. exchange rates
- d. a tax on income earned from foreign stocks

Ans - d

The Authorised Dealers should crystallize the overdue export bills from foreign currency liability to Rupee liability by applying .....

- a. Bill selling rate
- b. TT selling rate
- c. FC selling rate
- d. TT buying rate

Ans - b

As per RBI guidelines, the Foreign Portfolio Investors (FPIs) can transact in the Over-the-Counter (OTC) market for Government securities with ..... settlement

- a. T + 3
- b. T + 2
- c. T + 1
- d. T + 0

Ans - b

Resident individual can lend to non-resident Indian or Person of Indian Origin close relative under LRS of RBI for a period up to .....

- a. 6 months
- b. one year
- c. three years
- d. five years

Ans - b

Under LRS of RBI, for making remittance for capital account transactions, the Indian resident should be holding account with the Authorized dealer for a period of atleast .....

- a. three months
- b. six months
- c. one year
- d. 2 years

Ans - c

General permission is available to any resident individual to surrender received/ realised /unspent forex within a period of .....

- a. 60 days
- b. 90 days
- c. 180 days
- d. No time limit

Ans - c

Any resident Indian can hold/take Indian rupees during their travel abroad up to except Pakistan and Bangladesh .....

- a. Rs.7500
- b. Rs.10000
- c. Rs.25000
- d. No limit

Ans - c

In an export business, if the aggregate FOB realized value during the current and previous 2 financial years exceeds USD2000 million, then the export enjoys the status of .....

- a. One Star Export house
- b. Two Star Export house
- c. Four Star Export house
- d. Five Star Export house

Ans - d

## **ALL THE VERY BEST FOR YOUR EXAMS**

# **SAMPLE QUESTIONS FOR CAIIB INTERNATIONAL BANKING**

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

May 2019

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