**International Banking & Foreign Exchange Management**

**December 2023 Examination**

**Q1. Mr. Patel, a resident of India, frequently travels abroad for business purposes and earns foreign income. He wants to know more about Resident Foreign Currency (RFC) and Exchange Earners' Foreign Currency (EEFC) accounts to manage his foreign earnings efficiently. Distinguish between Resident Foreign Currency Account and Exchange Earners Foreign Currency account. Mr. Patel is an exporter and earns foreign income in USD. He is interested in opening an Exchange Earners' Foreign Currency (EEFC) account. Describe the purpose and benefits of an EEFC account for Mr. Patel, and how he can utilize it effectively. (10 Marks)**

**Ans 1.**

**Introduction**

The internationalization of businesses has necessitated the development of banking facilities that cater to the needs of those who earn in foreign currencies. In India, catering to such needs, the Reserve Bank of India (RBI) has introduced two primary types of accounts, namely the Resident Foreign Currency (RFC) and the Exchange Earners' Foreign Currency (EEFC) accounts. These accounts are designed to facilitate the financial requirements of individuals like Mr. Patel, who frequently travel abroad and earn in foreign currencies. Both these accounts are instruments to manage foreign earnings efficiently, each serving a distinct purpose. While the RFC account provides flexibility for residents who once had a Non-

It is only half solved

Buy Complete from our online store

<https://nmimsassignment.com/online-buy-2/>

NMIMS Fully solved assignment available for**session December 2023,**

your**last date is 29th November 2023**.

Lowest price guarantee with quality.

Charges**INR 299 only per assignment.**For more information you can get via mail or Whats app also

Mail id is [aapkieducation@gmail.com](mailto:aapkieducation@gmail.com)

Our website [www.aapkieducation.com](http://www.aapkieducation.com/)

After mail, we will reply you instant or maximum

1 hour.

Otherwise you can also contact on our

whatsapp no 8791490301.

Contact no is +91 87-55555-879

**Q2. Explain the role and functions of international financial institutions such as the Asian Development Bank (ADB), BRICS New Development Bank (NDB), World Bank, and International Monetary Fund (IMF) in the global economy. Provide examples of their initiatives and projects to promote economic development and financial stability in different regions. (10 Marks)**

**Ans 2.**

**Introduction**

The world today functions as a global village, where interdependence and connectivity between nations have heightened due to advancements in technology and transportation. Amidst this global interplay, international financial institutions serve as the backbone, bridging financial disparities and promoting holistic development. Institutions like the Asian Development Bank (ADB), BRICS New Development Bank (NDB), World Bank, and International Monetary Fund (IMF) play pivotal roles in steering the economic direction of nations and ensuring their stability. From funding infrastructural projects to aiding countries during financial crises, these organizations foster the global economic landscape, acting as

**Q3. ABC Corp, a multinational company, operates in both the United States and Europe. The company frequently engages in currency exchange transactions to manage its international operations efficiently. Recently, the company had to exchange a significant amount of euros (EUR) to US dollars (USD) and vice versa.**

**a) ABC Corp has received a payment of 500,000 euros (EUR) from a European client. Calculate the equivalent amount in US dollars (USD) using the direct quote method, given the exchange rate is 1 EUR = 1.20 USD. (5 Marks)**

**Ans 3a.**

**Introduction**  
Currency exchange is an integral part of international business operations, allowing companies to transact effortlessly across borders. For a multinational entity like ABC Corp, understanding and utilizing currency exchange rates is vital to ensure financial stability and profitability in its global ventures. This examination revolves around the conversion of euros

**b) On the same day, ABC Corp needs to pay its European suppliers 250,000 euros (EUR). Calculate the equivalent amount in US dollars (USD) using the indirect quote method, given the exchange rate is 1 USD = 0.85 EUR. (5 Marks)**

**Ans 3b.**

**Introduction:**  
In a globalized world, international financial transactions often require businesses to convert currencies. For multinational companies like ABC Corp, understanding both direct and indirect quote methods for currency exchange becomes pivotal. This analysis pertains to converting a certain amount of US dollars to euros using the indirect quote method, based on