

**SES's L.S. RAHEJA COLLEGE OF ARTS AND COMMERCE  
(AUTONOMOUS)**



**BOARD OF STUDIES: ACCOUNTANCY & FINANCE**

**PROGRAMME: Bachelor of Commerce (FINANCIAL MARKETS)**

**SEMESTER: III**

**NOMENCLATURE OF THE COURSE: Foreign Exchange Markets**

**NEP Vertical: Minor**

**Credit: 4**

(As Per Choice Based Credit System (under NEP 2020) with effect from the Academic Year 2025-26)



|                                   |                                  |
|-----------------------------------|----------------------------------|
| <b>Programme:</b>                 | <b>B.COM (FINANCIAL MARKETS)</b> |
| <b>Nomenclature of the Course</b> | <b>FOREIGN EXCHANGE MARKETS</b>  |
| <b>Total Marks</b>                | <b>100 marks</b>                 |
| <b>Semester:</b>                  | <b>III</b>                       |
| <b>Academic year</b>              | <b>2025-26</b>                   |

**LEARNING OBJECTIVES:**

- To introduce the fundamental concepts of the foreign exchange market, exchange rate systems, and their impact on global and Indian economies.
- To equip students with the knowledge of foreign exchange management techniques, including risk analysis and tools like spot, forward contracts, and derivatives, for effective decision-making in FX markets.

**COURSE OUTCOMES:**

- Learners will understand and be able to explain the fundamentals of the foreign exchange market, exchange rate systems, and the operational mechanisms of global financial systems like CHIPS and SWIFT.
- Learners will develop the ability to identify foreign exchange risks and apply management techniques such as spot contracts, forwards, and derivatives to mitigate risks and make informed decisions in the FX market.

| <b>Module</b> | <b>Course Content</b>  | <b>Andragogy</b>                               | <b>No of Lectures</b> |
|---------------|--|--|-----------------------|
| 1             | <p><b><u>INTRODUCTION TO INTERNATIONAL FINANCIAL SYSTEM &amp; FOREIGN EXCHANGE MARKET</u></b></p> <p><u>Key Concepts and Terms:</u> Basic terms related to foreign exchange (Forex) markets, such as currency, exchange rates, international financial systems and participants.</p> <p><u>Foreign Exchanges &amp; Foreign Currencies:</u> Details about major traded currencies, Understanding the role of FX markets in global finance</p> <p><u>Foreign Exchange Dealing &amp; Quotations:</u> Overview of Forex dealing practices and how currency quotations are made in the market.</p> <p><u>Mechanism of Foreign Exchange Transfers:</u> How transactions are processed and the role of brokers, with an introduction to systems like CHIPS and SWIFT.</p> | Presentations, Case Studies, Group Discussions | 15                    |
| 2             | <p><b><u>EXCHANGE RATE SYSTEMS</u></b></p> <p><u>Gold &amp; Bretton Woods Systems:</u> Historical context of exchange rate systems.</p> <p><u>Fixed vs. Floating Exchange Rates:</u> Comparison of different exchange rate mechanisms (fixed, floating, adjustable peg, and crawling peg).</p> <p><u>Exchange Rate Mechanism in India:</u> Focus on how exchange rates are determined and managed in India.</p>  | Presentations, Case studies, Group Discussions | 15                    |
| 3             | <p><b><u>FOREIGN EXCHANGE MANAGEMENT</u></b></p> <p><b><u>Risks in Foreign Exchange Markets:</u></b> Overview of the key risks in the forex market, including exchange rate risk and liquidity risk.</p>   | Presentations, Case studies, Group Discussions | 15                    |

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|---|--|--|----|
|   | <p><b><u>Need &amp; Importance of Forex Management:</u></b><br/>Understanding why managing foreign exchange is essential for businesses and economies.</p> <p><b><u>Methods of Foreign Exchange Management:</u></b> An introduction to techniques like spot &amp; forward contracts, arbitrage, swaps, options, and futures, with examples of how companies manage Forex risk.</p>   |  |    |
| 4 | <p><b><u>FOREIGN EXCHANGE MARKET IN INDIA</u></b><br/><b>Historical Perspective – FEMA Vs FERA Pre-liberalization Exchange Rate Regime in India and Hawala market.</b></p> <p><b>Impact of Liberalization &amp; Globalization on Foreign Exchange Market,</b><br/>Exploring the role of foreign investments in India and Indian investments abroad.</p> <p><b>Role of RBI in Foreign Exchange Market. – Liberalised remittance scheme</b><br/>Brief discussion on full currency convertibility in India.</p> | Presentations, Case studies, Group Discussions | 15 |

#### SUGGESTED READINGS:

1. Krugman, P. R., & Obstfeld, M. (2017). International economics: Theory and policy (10th ed.). Pearson.
2. Salvatore, D. (2019). International economics (12th ed.) Wiley.
3. Eiteman, D. K., Stonehill, A. I., & Moffett, M. H. (2016). Multinational business finance (14th ed.). Pearson.
4. Choudhry, M. (2014). The foreign exchange market: A user's guide. Wiley.
5. Pappas, M., & Sethi, P. (2020). Foreign Exchange and Risk Management. Vikas Publishing House.
6. Kumar, A., & Sharma, S. (2021). International Finance and Foreign Exchange Markets (2nd ed.). Himalaya Publishing House.

## QUESTION PAPER PATTERN

### RUBRICS FOR CONTINUOUS EVALUATION

Internal Assessment (40% of 100 marks) - 40 Marks

#### (A) RUBRICS FOR CONTINUOUS EVALUATION

| Sr. No. | Particulars                         | Marks |
|---------|-------------------------------------|-------|
| 1       | Class Test (20-MCQs of 1 mark each) | 20    |
| 2       | Assignment/Project                  | 10    |
| 3       | Presentation/Viva Voce              | 10    |
|         | Total                               | 40    |

(B)

(C)

#### (D) QUESTION PAPER PATTERN FOR SEMESTER END EXAMINATION

**Maximum Marks: 60**

**Duration: 2 Hours**

**Question No. 1 is compulsory.**

**Solve any three Questions from Question Nos. 2 to 5**

| Question No. | Description   | Total Marks |
|--------------|---|-------------|
| 1            | Theory Question/Practical Problem                       | 15          |
| 2            | Theory Question/Practical Problem                       | 15          |
| 3            | Theory Question/Practical Problem                       | 15          |
| 4            | Theory Question/Practical Problem                       | 15          |
| 5            | Short Notes: Answer any 3 out of 5 given (5 marks each) | 15          |

Note: The Theory question/Practical Problem of 15 marks each may be split up into two smaller questions carrying