

Total No. of Questions: 6

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Enrollment No.....



Faculty of Commerce  
End Sem (Odd) Examination Dec-2018  
CM3EB03 International Banking

Programme: B.Com.(Hons) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Which of the following is used for International Monetary Transfer? **1**  
(a) RTGS (b) NEFT (c) SWIFT (d) None of these
- ii. Which Indian Bank has maximum branches outside India? **1**  
(a) State Bank of India (b) ICICI  
(c) HDFC (d) Bank of Baroda
- iii. Which of the following statement is correct? **1**  
(a) Every member country of the IMF automatically becomes the member of the World Bank  
(b) The World Bank has 45 founder members  
(c) India is not the founding member of the World Bank  
(d) IMF is the part of World Bank group
- iv. Which of the following is not the function of the World Bank? **1**  
(a) To provide long term loan to the member countries  
(b) To provide loan to private investors belonging to member countries on its own guarantee  
(c) To ensure exchange rate stability  
(d) To provides loan mainly for productive activities
- v. Most Letter of Credit often used in International Trade. Letters of Credit are governed by rules promulgated by the: **1**  
(a) International Chamber of Commerce  
(b) Uniform Customs and Practice for Documentary Credits  
(c) Both (a) and (b)  
(d) None of these

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- vi. As a seller I will consider the lowest risk methods of payments. **1**  
(a) Open Account (b) Documentary Collections  
(c) Letters of Credit (d) Cash in Advance
- vii. Arbitrageurs in foreign exchange markets: **1**  
(a) Attempt to make profits by outguessing the market.  
(b) Need foreign exchange in order to buy foreign goods.  
(c) Take advantage of the small inconsistencies that develop between markets.  
(d) Make their profits through the spread between bid and offer rates of exchange.
- viii. For a foreign exchange of specific currency, non-hedged position is classified as **1**  
(a) Open position (b) Close position  
(c) Currency long position (d) Currency short position
- ix. Which of the following factor forms the invisible account of the Balance of Payments of a country? **1**  
(a) International trade in services.  
(b) Income associated with non resident assets and liabilities.  
(c) Remittance of worker income.  
(d) All the above.
- x. Which of the following is part of capital account of a country? **1**  
(a) Export and import of goods.  
(b) Export and import of services.  
(c) Unilateral transfers from one country to another.  
(d) NRI deposits.
- Q.2 i. How does international banking differ from domestic banking? **4**  
ii. "International banks play a crucial part in global economy by facilitating the intermediation process." Justify the statement. **6**
- OR iii. What are the reasons for the growth of International banking? **6**  
Elucidate.
- Q.3 i. Give the brief overview of IFC. **3**  
ii. What are the functions of Asian Development bank? **7**
- OR iii. What are the advantages to India from membership of IMF? **7**

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- Q.4 i. Why are letter of credit known as non fund based advance? **4**  
ii. What are NEFT and RTGS? Please mention the difference also. **6**
- OR iii. What is cheque? Explain types of cheques. **6**
- Q.5 i. Write short notes on cross rates and spot rates. **3**  
ii. Describe the structure of foreign exchange market. **7**
- OR iii. How many types of participants are there in foreign exchange market? **7**
- Q.6 Attempt any two:  
i. What are the implications and uses of the balance of payment statement? **5**  
ii. Explain the concept of Balance of payment and discuss the different accounts of BOP. **5**  
iii. Give the measures for correcting disequilibrium in the BOP. **5**

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**Marking Scheme**  
**CM3EB03 International Banking**

Q.1	i.	Which of the following is used for International Monetary Transfer? (c) SWIFT	<b>1</b>
	ii.	Which Indian Bank has maximum branches outside India? (d) Bank of Baroda	<b>1</b>
	iii.	Which of the following statement is correct? (a) Every member country of the IMF automatically becomes the member of the World Bank	<b>1</b>
	iv.	Which of the following is not the function of the World Bank? (c) To ensure exchange rate stability	<b>1</b>
	v.	Most Letter of Credit often used in International Trade. Letters of Credit are governed by rules promulgated by the: (c) Both (a) and (b)	<b>1</b>
	vi.	As a seller I will consider the lowest risk methods of payments. (d) Cash in Advance	<b>1</b>
	vii.	Arbitrageurs in foreign exchange markets: (c) Take advantage of the small inconsistencies that develop between markets.	<b>1</b>
	viii.	For a foreign exchange of specific currency, non-hedged position is classified as (a) Open position	<b>1</b>
	ix.	Which of the following factor forms the invisible account of the Balance of Payments of a country? (d) All the above.	<b>1</b>
	x.	Which of the following is part of capital account of a country? (d) NRI deposits.	<b>1</b>
Q.2	i.	Difference b/w international banking & domestic banking Any 4 points 1 mark for each (1 mark * 4)	<b>4</b>
	ii.	Any 6 points 1 mark each (1 mark * 6)	<b>6</b>
OR	iii.	Reasons for the growth of International banking Any 6 points 1 mark each (1 mark * 6)	<b>6</b>

Q.3	i.	Overview of IFC. Brief explanation in 50 Words	<b>3</b>
	ii.	Functions of Asian Development bank Any 7 points, 1 mark each (1 mark *7)	<b>7</b>
OR	iii.	Advantages to India from membership of IMF Any 7 points, 1 mark each (1 mark *7)	<b>7</b>
Q.4	i.	Why are letter of credit known as non fund based advance? Brief explanation in 80 Words	<b>4</b>
	ii.	What are NEFT and RTGS? Please mention the difference also Meaning of NEFT 1.5 marks Meaning of RTGS 1.5 marks Four Differences 0.75 mark for each 3 marks	<b>6</b>
OR	iii.	What is cheque? Explain types of cheques Meaning of Cheque 2 marks Types of cheques 4 marks Any 8 each 0.5 marks (0.5 mark * 8)	<b>6</b>
Q.5	i.	Cross Rate 1.5 marks Spot rate 1.5 marks	<b>3</b>
	ii.	Structure of foreign exchange market Diagram 2 Marks Explanation 5 Marks	<b>7</b>
OR	iii.	Types of participants are there in foreign exchange market Detailed Answer in 150 words	<b>7</b>
Q.6		Attempt any two:	
	i.	Implications and uses of the balance of payment statement Any 5 points 1 mark each (1 mark * 5)	<b>5</b>
	ii.	Concept of Balance of payment Different accounts of BOP 3 marks	<b>5</b>
	iii.	Measures for correcting disequilibrium in the BOP. Any 5 points 1 mark each (1 mark * 5)	<b>5</b>

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