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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – MAY 2025** |
| **Date:** 22-05-2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOC | **Program:** B.com | |
| **Course Code :**COM3009 | **Course Name:** International Banking and finance | |
| **Semester**: VI | **Max Marks**: 100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **20** | **35** | **31** | **53** | **11** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. 10Q x 2M=20M** | | | | |
| **1.** | Define international banking. | **2 Marks** | **L2** | **CO1** |
| **2.** | What is the impact of climate change on international banking and finance? | **2 Marks** | **L1** | **CO1** |
| **3.** | How can international banking contribute to economic development in emerging markets? | **2 Marks** | **L1** | **CO1** |
| **4.** | How does ECGC's insurance cover benefit Indian exporters? | **2 Marks** | **L1** | **CO2** |
| **5.** | Discuss the salient features of the Bretton Woods Agreement. | **2 Marks** | **L2** | **CO2** |
| **6.** | Define FEMA. | **2 Marks** | **L1** | **CO3** |
| **7.** | Write on the impact of the 2008 global financial crisis on international banking. | **2 Marks** | **L2** | **CO2** |
| **8.** | State any two international banking facilities. | **2 Marks** | **L2** | **CO4** |
| **9.** | Define offshore financing. | **2 Marks** | **L1** | **CO5** |
| **10.** | How can international banking contribute to economic development in emerging markets? | **2 Marks** | **L2** | **CO5** |

**Part B**

**Answer ALL the Questions. Each question carries 7 Marks. Total Marks 35M**

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| 11. | a. | A company operating in an FTZ is seeking trade finance to support its international trade activities.  1. What are the potential benefits and drawbacks of trade finance for the company, including increased access to financing, improved cash flow, and reduced risk?  2. How can the company evaluate the different trade finance options available, including letters of credit, factoring, and forfaiting?  3. What are the potential risks and challenges associated with trade finance in an FTZ, including country risk, credit risk, and regulatory compliance?  4. How can the company structure its trade finance arrangements to ensure efficient and effective management of its international trade activities? | 07 Marks | L2 | CO3 |
| Or | | | | | |
| 12. | **a.** | An Indian individual wants to send money abroad for educational purposes. The individual needs to comply with FEMA regulations for foreign exchange transactions.  Questions:  1. What are the FEMA regulations that the Indian individual needs to comply with for sending money abroad?  2. How does the individual ensure that it meets the documentation requirements for foreign exchange transactions under FEMA?  3. What are the potential consequences of non-compliance with FEMA regulations for foreign exchange transactions? | **07 Marks** | **L3** | **CO4** |

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| 13. | a. | Greece faced a sovereign debt crisis in 2010, and the IMF, along with the European Union, provided financial assistance to help the country address its debt problems.  Questions  1. What were the causes of Greece's sovereign debt crisis, and how did the IMF's assistance help address these issues?  2. What austerity measures did Greece implement as part of the IMF's assistance package, and what were their impacts on the economy and society?  3. What are the lessons learned from the IMF's experience in addressing sovereign debt crises, and how can they be applied to future cases? | 07 Marks | L2 | CO4 |
| Or | | | | | |
| 14. | **a.** | £1=$ 1.35  $1=₹ 74  Calculate :  1. Amount of ₹ for £ 2,200  2. Amount of $ for ₹ 8,14,000  3. Amount of £ for $ 3,240  4. Amount of £ for ₹ 70,000 | **07 Marks** | **L2** | **CO5** |

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| 15. | a. | An Indian importer, ABC Ltd., wants to import goods from a foreign supplier. EXIM Bank provides a letter of credit facility to ABC Ltd. to finance its imports.  Questions:  1. What type of financing does EXIM Bank provide to ABC Ltd.?  2. How does EXIM Bank's letter of credit facility help ABC Ltd. to manage its import payments?  3. What are the benefits of EXIM Bank's letter of credit facility to ABC Ltd.? | 07 Marks | L3 | CO2 |
| Or | | | | | |
| 16. | **a.** | Bank A charges **$1=£ 68**  Bank B Charges **£1 = $ 1.35**  Calculate the cross-currency transactions to find out the value of **£1 to INR** | **07 Marks** | **L3** | **CO4** |

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| 17. | a. | A small Indian exporter, ABC Enterprises, wants to expand its exports to new markets. However, the exporter is hesitant to take on credit risks. ABC Enterprises approaches ECGC for guidance.  Questions:  1. How can ECGC's insurance products help ABC Enterprises mitigate credit risks and expand its exports?  2. What are the potential benefits of ECGC's insurance cover for ABC Enterprises?  3. How can ABC Enterprises use ECGC's services to explore new markets and grow its business? | 07 Marks | L2 | CO3 |
| Or | | | | | |
| 18. | **a.** | Suppose an Indian company, XYZ Ltd., wants to import goods worth $100,000 from a foreign supplier. The company needs to comply with FEMA regulations for importing goods. The Act aims to facilitate external trade and payments while promoting the orderly development and maintenance of the foreign exchange market in India.  Questions  1. Discuss the FEMA regulations that XYZ Ltd. needs to comply with for importing goods.  2. Explain the documentation requirements for imports under FEMA.  3. What are the consequences of non-compliance with FEMA regulations for imports?  4. How does FEMA promote the orderly development and maintenance of the foreign exchange market in India? | **07 Marks** | **L2** | **CO1** |

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| 19. | a. | Discuss the fundamental principles of lending to MNCs, including creditworthiness assessment, risk management, and collateral or security. | 07 Marks | L2 | CO1 |
| Or | | | | | |
| 20. | **a.** | An MNC is exposed to various risks, including foreign exchange risk, political risk, and operational risk. The bank needs to consider these risks when lending to the MNC.  Questions  1. What are the different types of risks associated with lending to an MNC?  2. How can the bank mitigate these risks?  3. What role does risk management play in lending to MNCs? | **07 Marks** | **L2** | **CO2** |

**Part C**

**Answer any Three Questions. Each question carries 15 marks 3Q x 15M=45M**

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| 21. | a. | Singapore has established itself as a major IFC in Asia, with a highly developed financial sector and a strong reputation for stability and regulatory effectiveness.  1. How did Singapore develop its financial sector and establish itself as a major IFC?  2. What role did government policy and regulation play in supporting the development of the financial sector?  3. How has Singapore maintained its competitiveness and attractiveness as an IFC in the face of increasing competition from other financial centers?  4. What are the potential risks and challenges facing Singapore as an IFC, and how might these be addressed? | 15 Marks | L3 | CO3 |

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| 22. | a. | DEF Ltd. faces cultural and regulatory challenges in its joint venture with a foreign partner. The company needs to adapt to local customs and regulations.  Questions  1. What are the cultural challenges that DEF Ltd. may face in its joint venture, and how can they be addressed?  2. How can DEF Ltd. comply with local regulations and laws?  3. What role does cultural intelligence play in the success of international joint ventures? | 15 Marks | L2 | CO2 |

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| 23. | a. | A foreign company establishes an ADR program to raise capital in the US market. The company needs to decide between a Level I, Level II, or Level III ADR program.  Questions:  1. What are the differences between Level I, Level II, and Level III ADR programs?  2. How do ADR programs help foreign companies raise capital in the US market?  3. What are the reporting requirements for ADR programs? | 15 Marks | L2 | CO4 |

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| 24. | a. | M/s Omega Electronics Ltd. exports air conditioners to Germany by importing all the components from Singapore. The company exports 2,400 units at Euro500 per unit. The cost of imported components is S$800 per unit. The other variable cost per unit is ₹ 2,500. The cash flows in foreign currencies are due in six months.  The current exchange rates are as follows:  ₹/€ 51.50/55  ₹/S$ 27.20/25  After six months, the exchange rates turn out as follows:  ₹/€ 52.00/05  ₹/S$ 27.70/75  You are required to calculate the loss/gain due to transaction exposure.  Based on the following additional information, calculate the loss/gain due to transaction and operating exposure if  1. The contracted price of air conditioners is revised from €500 to ₹ 25,000.  Price elasticity of demand is estimated to 1.5. | 15 Marks | L3 | CO4 |