



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.														
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End - Term Examinations – MAY 2025

Date: 23-05-2025

Time: 01:00 pm –04:00 pm

School: SOM-PG	Program: MBA	
Course Code : MBA3089	Course Name: Forex Management & International Banking	
Semester: IV	Max Marks: 100	Weightage: 50%

CO – Levels	CO1	CO2	CO3	CO4	CO5
Marks	25	25	25	25	-

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3marks.

10Q x 3M=30M

1.	Define international banking and explain its significance in global finance.	3 Marks	L2	CO1
2.	Examine how forex risk affects international banks and the techniques used for risk management.	3 Marks	L3	CO2
3.	Interpret the impact of bilateral treaties on foreign bank operations, using an example from any country.	3 Marks	L3	CO1
4.	Assess how the 1991 economic reforms influenced foreign participation in India's banking sector.	3 Marks	L3	CO2
5.	Identify the major risks associated with correspondent banking in international transactions.	3 Marks	L2	CO1
6.	Define Eurocurrency and give one example of its application in international finance.	3 Marks	L2	CO3
7.	List any three major functions of the World Trade Organization (WTO).	3 Marks	L2	CO3
8.	Explain the concept of a confirmed Letter of Credit and how it benefits the exporter in cross-border trade.	3 Marks	L3	CO4
9.	Describe how IMF assistance helps a member country resolve a balance of payments crisis.	3 Marks	L4	CO2

10.	Compare the roles of the IMF and the World Bank in stabilizing international economies, especially during crises.	3 Marks	L4	CO3
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Part B

Answer the Questions.

Total Marks 40M

11.	a.	Examine the role of correspondent banking in facilitating international trade and financial transactions. Discuss the associated risks and propose strategies to mitigate them.	10 Marks	L3	CO 1
Or					
12.	a.	Discuss the role of Special Economic Zones (SEZs) and International Financial Centers (IFCs) in promoting cross-border banking and financial services. Provide global examples where these have significantly impacted financial markets.	10 Marks	L2	CO 2
13.	a.	China Customs is trying to measure cross-border e-commerce (CBEC) more accurately by combining customs declarations with business surveys to capture a fuller picture. a) Explain why managing foreign exchange risk is important for companies engaged in international trade. b) Illustrate how Nostro and Vostro accounts simplify cross-border banking transactions for banks. How does cross-border e-commerce affect foreign exchange transactions between countries? Give examples.	10 Marks	L3	CO 3
Or					
14.	a.	Türkiye is estimating digitally ordered trade as part of its merchandise trade statistics through collaboration between TurkStat and the Ministry of Trade. Explain how international banks help in handling digital trade transactions across countries.	10 Marks	L3	CO 3
15.	a.	India is promoting rooftop solar energy to meet rising energy demand while minimizing land use, supported by World Bank and SBI programs. Describe how foreign financial support for projects like rooftop solar impacts India's foreign exchange reserves.	10 Marks	L2	CO 2
Or					
16.	a.	Eurocurrency markets are offshore money markets where banks hold currencies outside their country of origin, allowing participants to avoid domestic regulations. What are Eurocurrency markets, and why are they important for international banks?	10 Marks	L2 /L 3	CO 3
17.	a.	India is considering lowering tariffs on auto imports to attract foreign carmakers to invest in local manufacturing, aiming to integrate better with global supply chains. How can lowering	10 Marks	L4	CO 3

		import tariffs impact foreign exchange needs for a country like India?			
Or					
18.	a.	Citi India successfully completed its first blockchain-based Letter of Credit transaction on the Contour platform for Cummins India, showcasing how blockchain can enhance transparency, speed, and efficiency in trade finance. Explain how blockchain technology can make Letter of Credit (LC) transactions more efficient in international banking.	10 Marks	L3	CO 4

Part C

Answer all the Questions. Each question carries 15marks

2Q x 15M=30M

19.	a.	<p>Bangladesh Private Sector Diagnostic – IFC & World Bank Group</p> <p>The International Finance Corporation (IFC), a part of the World Bank Group, released the Bangladesh Country Private Sector Diagnostic (CPSD), identifying key sectors—Green Ready-Made Garments (RMG), Housing, Paint and Dyes, and Digital Financial Services—as strategic areas for foreign and domestic investment. The report suggests that Bangladesh must reform trade and financial policies, including import/export rules and infrastructure financing, to attract international capital. Particularly in the RMG sector, the shift to sustainable practices like using man-made fiber and investing in green technology (e.g., solar energy) will require significant foreign exchange inflows and trade financing support.</p> <p>a) Why is trade financing essential for Bangladesh’s export-oriented sectors like the RMG industry, particularly when shifting toward sustainable manufacturing?</p> <p>b) How can international banks and financial institutions assist Bangladesh in managing foreign exchange risks related to infrastructure and green technology imports?</p> <p>Analyse the role of foreign direct investment (FDI) and foreign exchange management in promoting sustainable industrial growth in emerging economies like Bangladesh.</p>	15 Marks	L4	CO 4
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20.	a.	<p>IDA’s Concessional Financing and Global Economic Vulnerability</p> <p>The International Development Association (IDA), a part of the World Bank Group, supports 75 low-income countries by offering highly concessional financing—low or no-interest loans and grants. Since 1960, IDA has disbursed over \$533 billion to support areas like climate resilience, education, basic services, and job creation. Eligibility for IDA assistance depends on a country’s poverty level, creditworthiness, and overall</p>	15 Marks	L3 /L 4	CO 3
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		<p>vulnerability. With many of these nations facing overlapping crises and foreign exchange shortages, IDA financing becomes critical for economic recovery and long-term development.</p> <p>a) Why are concessional loans important for the economic development of low-income countries?</p> <p>b) How can international aid and concessional financing help a country manage its foreign exchange and external debt?</p> <p>c) Discuss the challenges that vulnerable countries face in accessing international finance and how institutions like IDA help overcome these barriers.</p>			
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