PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 17 – 12- 2025   **Time:** 01:00pm – 04:00pm

School: SOM (UG)	**Program:** BBA
Course Code : BFI3006	**Course Name:** International banking and finance

Semester: V	**Max Marks**:100	**Weightage**:50%

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	20	20	20	20	20

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 2marks.   **10Q x 2M=20M**

1.	Define international finance.	2 Marks	L1	CO1
2.	What is forward rate?	2 Marks	L1	CO1
3.	How would you manage the risk associated with foreign exchange transactions when it deals with unsystematic conditions?	2 Marks	L2	CO2
4.	What is investment under uncertainty?	2 Marks	L3	CO2
5.	Distinguish between forward and future market.	2 Marks	L2	CO3
6.	What are the driving factors of international finance?	2 Marks	L3	CO3
7.	Define spread	2 Marks	L4	CO4
8.	State any two difference between consortium lending and loan syndication.	2 Marks	L4	CO4
9.	What are the objectives of Foreign exchange market ?	2 Marks	L5	CO5
10.	What are the fundamental principles of lending to MNCs?	2 Marks	L5	CO5

Part B

Answer ALL the Questions. Each question carries 7 marks.   **5Q x 7M = 35M**

11.	Critically evaluate the argument that OFCs are necessary for promoting economic growth and stability.	07 Marks	L2	CO1
	Or			
12.	Discuss the future directions for SEZs, including their potential role in promoting innovation, entrepreneurship, and sustainable development.	07 Marks	L2	CO1

13.	£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	CO2
	Or			
14.	Write a short note on World Bank.	07 Marks	L2	CO2

15.	Bank A charges $1=£ 68 Bank B Charges £1 = $ 1.35 Calculate the cross currency transactions done to find out the value of £1 to INR	07 Marks	L2	CO3
	Or			
16.	Analyze the various types of risks faced by multinational companies, including currency risk, political risk, and economic risk, and how these risks can be assessed and mitigated.	07 Marks	L3	CO3

17.	Explain the concept of Foreign Direct Investment (FDI) and the factors that influence a company's decision to undertake FDI.	07 Marks	L3	CO4
	Or			
18.	A government is considering establishing an SEZ with a focus on technology transfer and innovation. 1. What are the potential benefits and drawbacks of establishing an SEZ with a focus on technology transfer and innovation, including knowledge spill overs, productivity gains, and intellectual property protection? 2. How can the SEZ's management and government authorities work together to facilitate technology transfer	07 Marks	L3	CO4

19.	Discuss different approaches for making investment decisions under uncertainty in a multinational environment.	07 Marks	L4	CO5
	Or			
20.	Explain the factors affecting global capital market?	07 Marks	L4	CO5

Part C

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

21.	Describe the various stages involved in the process of overseas expansion for a multinational company?	15 Marks	L3	CO1

22.	Analyze the internal and external techniques adopted for the hedging of foreign exchange rate risks.	15 Marks	L2	CO2

23.	M/s Omega electronics Ltd. exports air conditioners to Germany by importing all the components from Singapore. The company is exporting 2,400 units at a price of Euro500 per unit. The cost of imported components is S$800 per unit. The other variables cost per unit are ₹ 2,500. The cash flows in foreign currencies are due in six months. The current exchange rates are as follows: ₹/€ 51.50/55 ₹/S$ 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 loss/gain due to transaction exposure. Based on the following additional information calculate the loos/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	L4	CO3

24.	Explain the various sources of international finance?	15 Marks	L4	CO4

25.	Discuss the different types of country risks that international investors need to be aware of and how each type can impact the profitability and security of investments.	15 Marks	L4	CO5