| Roll No | | | | | | | | | | | |
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# PRESIDENCY UNIVERSITY

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Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956

Approved by AICTE, New Delhi | Approved By BCI

Bengaluru

| Even Semester End Term Examination, May / June 2026 | | |
|---|---|---|
| **Date: 18/05/2026** | | **Time: 01.00 PM - 04.00 PM** |
| **Course Code: MBA3089** | **Course Name: Forex Management and International Banking** | |
| **Semester: Fourth Semester** | **Max. Marks: 100** | **Weightage: 50%** |

| CO - Levels | CO1 | CO2 | CO3 | CO4 |
|---|---|---|---|---|
| **Marks** | **26** | **29** | **44** | **41** |

**Part A: Answer Following Questions. 30 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 1 | What is international banking? Explain its significance in the global economy. | 3 | CO1 | BT1 |
| 2 | Define exchange rate risk. Explain how transaction exposure affects firms engaged in international trade. | 3 | CO2 | BT2 |
| 3 | Explain the concept of correspondent banking. How does it support international financial transactions? | 3 | CO1 | BT2 |
| 4 | What is petrodollar recycling? Explain its role in global capital flows. | 3 | CO2 | BT2 |
| 5 | Explain the concept of International Financial Centres (IFCs). How do they contribute to financial globalization? | 3 | CO3 | BT2 |
| 6 | Outline the role of Special Economic Zones (SEZs) in promoting export-led growth. | 3 | CO3 | BT2 |
| 7 | Discuss the importance of IFSC (GIFT City) in developing India’s international financial services sector. | 3 | CO3 | BT2 |
| 8 | What is trade finance? Briefly explain its importance in international trade. | 3 | CO4 | BT1 |
| 9 | Explain the concept of External Commercial Borrowings (ECBs). Why are they attractive to Indian firms? | 3 | CO2 | BT2 |
| 10 | Explain how Letters of Credit facilitate secure international trade transactions. | 3 | CO4 | BT2 |

**Part B: Answer Any 1 Following Questions. 10 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 11 | Explain the various modes through which banks expand internationally. Analyse the operational and regulatory challenges associated with each mode. | 10 | CO1 | BT4 |
| 12 | Explain the process of international settlement of payments. Discuss the role of correspondent banks and foreign currency accounts in this process. | 10 | CO1 | BT2 |

**Part C: Answer Any 1 Following Questions. 10 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 13 | Discuss the role of the IMF in addressing balance of payments crises. Examine its effectiveness in maintaining global financial stability. | 10 | CO2 | BT4 |
| 14 | Analyse the risks associated with foreign currency borrowings and External Commercial Borrowings (ECBs). Explain how firms can manage these risks. | 10 | CO2 | BT4 |

**Part D: Answer Any 1 Following Questions. 10 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 15 | Identify and explain the role of International Financial Centres (IFCs) and SEZs in enhancing a country's global competitiveness. | 10 | CO3 | BT3 |
| 16 | Explain how global liquidity has evolved through mechanisms such as petrodollar recycling. Analyse its impact on international banking systems. | 10 | CO3 | BT4 |

**Part E: Answer Any 1 Following Questions. 10 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 17 | Identify the importance of trade finance in global trade. Explain the key instruments used by banks in export-import financing. | 10 | CO4 | BT3 |
| 18 | Explain the working of Letters of Credit under UCP 600. Analyse their role in reducing risks in international trade. | 10 | CO4 | BT4 |

**Part F: Answer Following Questions. 30 M**

| Qn.No | Questions | M | CO | BT |
|---|---|---|---|---|
| 19 | Singapore has established itself as one of the most prominent International Financial Centres (IFCs) in the world. Its strategic geographic location, strong regulatory framework, and business-friendly policies have attracted global banks, financial institutions, and multinational corporations. The Monetary Authority of Singapore (MAS) plays a crucial role in maintaining financial | 15 | CO3 | BT4 |

| | | | | |
|---|---|---|---|---|
| | stability, promoting innovation, and ensuring regulatory efficiency. Singapore offers a robust legal system, advanced financial infrastructure, and tax incentives that facilitate cross-border financial transactions. The country serves as a major hub for foreign exchange trading, wealth management, and offshore banking. Its integration with global financial markets enables efficient capital flows between developed and emerging economies. Singapore also supports international trade through strong banking networks and trade finance services. However, Singapore faces challenges such as exposure to global financial volatility, competition from other financial centres, and the need to continuously adapt to technological changes.<br><br>19 a) Explain the key features that make Singapore a successful International Financial Centre.<br><br>19 b) Analyse how IFCs like Singapore facilitate global financial integration and capital flows.<br><br>19 c) Evaluate the risks faced by international financial centres in a globalized economy. | | | |
| 20 | Special Economic Zones (SEZs) have played a significant role in enhancing export competitiveness and attracting foreign investment in emerging economies like India. SEZs operate as quasi-external territories where firms benefit from tax incentives, simplified regulatory procedures, and access to global markets. Companies operating within SEZs are primarily export-oriented and benefit from duty-free imports of raw materials, streamlined customs procedures, and access to world-class infrastructure. Banks support SEZ operations by providing foreign currency loans, export credit, and trade finance services, thereby facilitating international trade transactions. SEZs contribute significantly to foreign exchange earnings by boosting exports and integrating domestic industries into global value chains. They also generate employment and promote industrial development. However, SEZs face challenges such as policy uncertainty, global demand fluctuations, infrastructure constraints, and concerns related to sustainability and inclusiveness. The effectiveness of SEZs depends on regulatory stability, efficient financial support systems, and integration with global markets.<br><br>20 a) Explain how SEZs function as quasi-external economies and promote export growth.<br><br>20 b) Analyse the role of banks in supporting SEZ operations through trade finance and foreign currency funding.<br><br>20 c) Evaluate the challenges faced by SEZs in sustaining long-term global competitiveness. | 15 | CO4 | BT4 |