

2016

INTERNATIONAL BANKING

(Finance Major)

Paper : 405

Full Marks : 80

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct option : $1 \times 10 = 10$

(a) For smooth settlement of interbank transactions, the buyer bank must pay the rupee equivalent on the value date, as per the instruction of the seller bank and the seller bank must arrange

(i) to deliver the foreign currency funds on the value date, into the nostro account as per the instruction of the buyer bank

(ii) to deliver the foreign currency funds on the settlement date, into the vostro account of the buyer bank

- (iii) to deliver the foreign currency fund on the transaction date, into the nostro account of the third party banker acting as an intermediary
- (iv) Both (i) and (iii)
- (b) Which one of the following are the participants in international interbank market?
- (i) Banks with international presence, international corporations, hedge funds
- (ii) Non-banking financial corporation, hedge funds, mutual funds
- (iii) Non-scheduled commercial banks and pension funds
- (iv) All of the above
- (c) Which one of the following is not related to the Bank for International Settlement (BIS)?
- (i) BIS is a company limited by shares, owned by central banks of member nations
- (ii) It suggests guidelines to improve banking services
- (iii) It acts to regulate capital adequacy and make reserve requirement transparent
- (iv) It can accept deposits from individual international customers

- (d) Which one of the following is related to offshore financial centres?
- (i) It provides corporate and commercial services to non-resident offshore companies and for the investment of offshore funds
 - (ii) It provides offshore services to domestic banks
 - (iii) It provides offshore investment facilities to the government of member nations
 - (iv) Both (i) and (iii)
- (e) Which of the following is the latest norm issued by Basel Committee?
- (i) Basel Norm (I)
 - (ii) Basel Norm (II)
 - (iii) Basel Norm (III)
 - (iv) Basel Norm (IV)
- (f) Bretton Woods conference was responsible for the birth of
- (i) GATT and IBRD
 - (ii) WTO and IMF
 - (iii) GATT, IMF and Bank of International Settlement
 - (iv) IBRD and IMF

(g) In international banking, the banks are offered the guarantees by Export Credit Guarantee Corporation Ltd in regard to which one of the following?

(i) Settlement of dispute over import of inputs meant for export market

(ii) Import finance (overseas lending) guarantee

(iii) Packing credit, post-shipment export credit

(iv) Enable importers and exporters to get credit and loan from commercial banks

(h) A bank in India may maintain a US dollar account in its books. The transaction flow of cash or foreign exchange if designated in US dollar, would take place

(i) through that US account alone

(ii) through the rupee account in India

(iii) through the rupee account in the USA

(iv) through the rupee account both in India and in the USA

(i) The account in US dollar, maintained in the USA by an Indian bank is termed a nostro account for the Indian bank. In banking parlance, it carries a meaning

(i) 'my account with you'

(ii) 'your account with me'

(iii) 'my account of debit and credit with you'

(iv) 'my deposit and loan account with you'

(j) The International Finance Corporation is mandated to extend credit to

(i) only private sector entities

(ii) only public sector entities and the government

(iii) only private sector entities and NBFCs

(iv) public sector, private sector and co-operative entities

2. Write brief answers to the following (within 30 words each) : 2×5=10

(a) State the use of vostro account.

(b) State the meaning of mirror account.

(c) State the meaning of Investment Guarantee Agency.

- (d) State the meaning of international interbank business.
- (e) Discuss the use of foreign currency account.

3. Answer any *four* of the following (in about 150-200 words each) : 5×4=20

- (a) Discuss the mechanism of raising financial resources from international capital market.
- (b) State the role played by SDR in promoting international liquidity.
- (c) Discuss the mechanism of payment through nostro account.
- (d) Discuss the features of international retail banking.
- (e) Discuss the structure and management of forex market.
- (f) Discuss the Bretton Woods Conference and its outcome.
- (g) Describe the international private banking services.

4. Answer the following questions (within 600 words each) : 10×4=40

- (a) Describe the forms of international banking and origin of such banking.

Or

Discuss the functions of International Development Association.

- (b) Describe the functions relating to international interbank business transactions.

Or

Elaborate the various types of offshore financial centres.

- (c) Describe the functions of World Bank.

Or

Explain the regulatory measures adopted by the Basel Committee on Banking Supervision.

- (d) Describe the functions of the banks for international settlement.

Or

- (i) State the objectives of Asian Development Bank.
(ii) State the products of international wholesale banking.
