

Total No. of printed pages = 6

4 (Sem-4) INBK

2018

**INTERNATIONAL BANKING**

Paper : 405

**(Finance Major)**

Full Marks – 80

Time – Three hours

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

Answer *all* questions as directed.

1. Select the most appropriate answer from the multiple choices given against each :  $1 \times 10 = 10$
- (i) A bank that handles affairs of another bank has zero legal standing in the jurisdiction is known as :
- (a) A merchant bank
  - (b) A correspondent bank
  - (c) An off-shore bank
  - (d) A client bank

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(ii) The market for funds traded in currencies other than the currency of the trading country are known as :

- (a) Off-shore banking countries
- (b) International financial centres
- (c) Euro currency markets
- (d) The global market.

(iii) Forfaiting refers to

- (a) The mechanism of issuing letter of credits by a bank to facilitate international trade.
- (b) The mechanism of financing exports by discounting export receivables.
- (c) The mechanism of financing importer by advancing loan
- (d) All of the above.

(iv) FCNR accounts are

- (a) Current accounts
- (b) Savings account
- (c) Both (a) and (b)
- (d) Fixed deposit accounts

- (v) The international debt crisis originated due to
- (a) Bank failures in Great Depression.
  - (b) Destruction of Europe in World War II.
  - (c) Oil price shocks of the 1970s.
  - (d) Asian Financial Crisis of late 1990s.
- (vi) Basel Committee on Banking Supervision is also known as
- (a) Peter Cooke Committee
  - (b) Thomas Cook Committee
  - (c) BIS Committee
  - (d) Banking Regulation Committee
- (vii) State Bank of India is maintaining an account with American Express Bank in USA in terms of US Dollar. This account to the State Bank of India is called
- (a) Nostro Account
  - (b) Vostro Account
  - (c) Loro Account
  - (d) Escrow Account

(viii) Which of the following is not an objective of the bank for International Settlement ?

- (a) To promote cooperation among central banks.
- (b) To provide facilities for international financial operations.
- (c) To act as trustee in regard to financial settlement entrusted to it under agreements with parties concerned.
- (d) To promote balance of payments adjustments.

(ix) "Managing vostro account similar to managing savings or current account in any domestic currency." This statement is

- (a) True
- (b) False

(x) LIBOR is

- (a) the interest rate commonly charged for loans between banks.
- (b) the maximum interest rate offered on bonds that are issued in London.
- (c) the maximum loan rate ceiling on loans in the international money market.
- (d) the maximum deposit rate ceiling on deposits in the international money market.

2. Answer the following in about 30 words each :  
2×5=10

- (a) Mention one reason behind the growth of international banking.
- (b) State the function of MIGA.
- (c) What is meant by international private banking ?
- (d) What is Nostro Account ?
- (e) What is inter-bank exchange rate ?

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

- (a) What are the different forms of international banking ?
- (b) Discuss the significance of BIS.
- (c) Explain the concept of international inter-bank business.
- (d) What are the features of Off-shore Financial Centres ?
- (e) What are the benefits of Offshore Banking ?
- (f) State the functions and scope of the IBRD.
- (g) Give a brief description on mirror accounts.

4. Answer any *four* of the following questions within 600 words each :  $10 \times 4 = 40$

(a) What is international banking ? Narrate the history of international banking.

(b) Describe the product categories under international wholesale banking. 10

(c) Explain the role of International Monetary Fund in maintaining the international liquidity. 10

(d) What do you mean by International Financial Centres ? Explain their functions.  $2+8=10$

(e) Write on the guidelines of the RBI on risk adjusted assets and off-balance sheet items. 10

(f) What are the various factors affecting the foreign exchange rate ? Discuss. 10