



BRAINWARE UNIVERSITY

Course – MCOM

International Banking (MCM405B)

(Semester – 4)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*

(i) Hedging means

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|---|--|
| a. Settling a foreign liability at the exchange rate on the date of settlement | b. Settling a foreign liability at a pre – determined rate |
| c. Settling foreign liability at the exchange rate on the date when the liability is booked | d. None of the above |

(ii) When a term loan or cash credit is advanced by a bank to a customer, the bank insists on sufficient margin on the security

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|--|--------------------------|
| a. To cover up a fall in the market value of securities | b. As per RBI guidelines |
| c. To have an adequate coverage if the borrower fails to repay the loan or cash credit | d. All the above |

- (iii) Effective Internal Control system of a Bank is essentially areas
- a. To identify, control and manage the risks in the vulnerable areas
 - b. To improve the efficiency in the functioning of the bank
 - c. To improve the profitability of the bank
 - d. All of the above
- (iv) Many of the banks have formed Asset Reconstruction Companies for
- a. Providing for legal framework for Securitisation of assets
 - b. Transfer of the NPAs to the Asset Reconstruction Company, which will then dispose of the assets, and realise the proceeds
 - c. Either (a) or (b)
 - d. None of (a) or (b)
- (v) As per RBI guidelines, KYC norms have been introduced by the Banks
- a. In order to check Banking Frauds
 - b. In order to have specific control over the huge customer base
 - c. Both (a) & (b)
 - d. None of (a) or (b)
- (vi) As per RBI guidelines, every bank must maintain in India as a Statutory Liquidity Ratio
- a. A certain percentage of it's advances
 - b. A certain percentage of it's time and demand liabilities
 - c. Both (a) & (b)
 - d. None of (a) or (b)
- (vii) Ready Forward transactions or Repo Transactions are
- a. Purchase of securities by the bank in the primary or secondary market
 - b. Current sale of securities, and their simultaneous repurchase at a future date at price fixed at the time of sale
 - c. Both (a) & (b)
 - d. None of (a) or (b)

- (viii) Packing Credit is advanced by the Bank to its' customers
- a. Who is an importer to finance him for his import
 - b. Who is an exporter to finance him for manufacture or procurement of Goods, to be exported by him
 - c. Both (a) and (b)
 - d. Neither (a) or (b)
- (ix) Once a loan or advance given by a bank becomes NPA, the primary duty of the bank is
- a. To seize and sell off the securities offered by the borrower to recover the NPA
 - b. Give notice to the borrower, and allow him to regularize the loan or advance within a fixed time
 - c. Make a provision in the accounts at the year end
 - d. None of the above
- (x) In case of Cash Credit Advanced by a commercial bank to a customer, the primary security is
- a. Stock and Book Debts of the customer
 - b. Land, Building, Plant & Machinery of the customer
 - c. Stock and Book Debts of the Customer with a floating charge on his Land, Building, Plant & Machinery as additional security
 - d. Personal guarantee by the customer

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. Differentiate between balance of trade and balance of payment. [5]
3. Write a short note on Anti Money Laundering Laws. [5]
4. Write short notes on -Bill of Lading. [5]
5. Write short notes on – World Bank & its activities. [5]
6. Write a note on SEZ. [5]

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

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| 7. | (a) State how WTO has improved the trade and commerce between various countries in the world. | [10] |
| | (b) Mention a few important WTO arguments. | [5] |
| 8. | (a) State what you know about BASEL II norms. | [10] |
| | (b) What are the impacts of BASEL II norms of Indian Banking? | [5] |
| 9. | (a) State the functions of Export – Import Bank of India(EXIM BANK). | [7] |
| | (b) What are the objectives and functions of International Monetary Fund. | [8] |
| 10. | Write a note on “International Financial Reporting Standards” and ‘International Accounting Standards” | [15] |
| 11. | (a) State how the Letter Of Credit mechanism works in International Trade. | [7] |
| | (b) Discuss various types of LCs. | [8] |