23CBI627N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Sixth Semester)

Branch – **COMMERCE (BANKING & INSURANCE)**

BANKING AND INTERNATIONAL FINANCE

Time: Three Hours | Maximum: 75 Marks

SECTION-A (10 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	A key characteristic of offshore banking centres is __________. (i) Exclusive focus on agricultural lending (ii) High taxation and stringent regulation (iii) Banking secrecy, low taxation, and minimal regulatory oversight (iv) Mandatory RBI approval for all transactions	K1	CO1
	2	The Eurodollar market emerged primarily due to ___________. (i) Collapse of SWIFT messaging system (ii) RBI's directive to shift operations offshore (iii) US regulatory restrictions (Regulation Q) and Cold War politics (iv) Introduction of cryptocurrency trading	K2	CO1
2	3	Which NRI account is used for holding India-sourced income like rent and dividends? (i) NRE (ii) NRO (iii) FCNR (iv) RFC	K1	CO2
	4	Which statement correctly explains current account convertibility? (i) It allows unrestricted movement of capital for investment purposes (ii) It permits free conversion for trade in goods/services without RBI approval (iii) It applies only to government transactions (iv) It was introduced in India in 1947	K2	CO2
3	5	AVOSTRO account refers to __________________. (i) A traveler's cheque account (ii) RBI's gold account (iii) An Indian bank's account maintained abroad (iv) A foreign bank's foreign currency account maintained with an Indian bank in India	K1	CO3
	6	FEMA differs from FERA mainly because FEMA _______________. (i) Focuses on management and facilitation of foreign exchange (ii) Imposes strict criminal penalties (iii) Completely bans capital flows (iv) Fixes exchange rates permanently	K2	CO3
4	7	India's official exchange rate regime since 1993 is __________. (i) Fixed peg to USD (ii) Crawling peg (iii) Currency board (iv) Managed float	K1	CO4
	8	How does a current account deficit affect the exchange rate under a floating regime? (i) The central bank must immediately devalue the currency by law (ii) No impact occurs as markets are perfectly efficient (iii) Excess demand for foreign currency creates depreciation pressure (iv) Currency automatically appreciates	K2	CO4
5	9	CHAPS is a real-time gross settlement system used in _____________. (i) United Kingdom (ii) United States (iii) European Union (iv) Japan	K1	CO5
	10	Arbitrageurs contribute to market efficiency by ___________. (i) Exploiting temporary price differences across markets, eliminating mispricing's (ii) Refusing to trade during volatile periods (iii) Hoarding foreign currency to manipulate rates (iv) Creating artificial volatility for profit	K2	CO5

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SECTION - B (35 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Describe borrowing across borders with suitable examples.	K2	CO1
		(OR)		
	11.b.	Describe the development of international banking after liberalisation.		
2	12.a.	Define EXIM Bank and state its functions.	K1	CO2
		(OR)		
	12.b.	Define NRI Accounts and list their types.		
3	13.a.	Evaluate the evolution of the foreign exchange system in India.	K3	CO3
		(OR)		
	13.b.	Examine and justify the need for administrative control in foreign exchange management.		
4	14.a.	Critically analyse the factors influencing exchange rates.	K4	CO4
		(OR)		
	14.b.	Examine the significance of Balance of Payments in measuring economic performance.		
5	15.a.	Write a note on Foreign Exchange Market.	K1	CO5
		(OR)		
	15.b.	Define SWIFT and state its purpose.		

SECTION -C (30 Marks)

Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Describe the various international banking services and their importance in global business.	K2	CO1
2	17	Define IMF and list its objectives and functions.	K1	CO2
3	18	Assess the advantages and limitations of Foreign Exchange Currency Accounts.	K5	CO3
4	19	Critically examine the classification of the external value of the rupee and its economic implications.	K4	CO4
5	20	Analyze the importance of the Foreign Exchange Market in international trade.	K4	CO5

Z-Z-Z END