


Name: Enrolment No:			
<p style="text-align: center;">UPES End Semester Examination, May 2025</p>			
Course: International Banking Program: BCOM-H Course Code: FINC2046P		Semester: IV Time : 03 hrs. Max. Marks: 100	
Instructions: <i>All questions are compulsory.</i> <i>Answers should be brief and to the point.</i> <i>Use neat diagrams wherever necessary.</i> <i>Support your answers with examples and recent data where applicable.</i> <i>Write your answers in legible handwriting.</i>			
SECTION A 10Qx2M=20Marks			
S. No.		Marks	CO
Q 1	Scenario: In a country, the central bank controls interest rates effectively, there is active participation of commercial banks, and the market facilitates smooth short-term borrowing and lending. Question: What type of money market is this and why? A. Less developed, due to central dominance B. Developed, due to organized structure and fluid interest rates C. Less developed, due to the presence of informal lenders D. Underdeveloped, due to limited instruments	2 Marks	CO1
Q 2	Case: The Bank of England wants to curb inflation but keep the economy stable. Question: Which monetary policy action is the most balanced approach? A. Drastically increase repo rate B. Reduce reserve requirements C. Slight increase interest rates while selling government securities D. Freeze all public sector lending	2 Marks	CO1

Q 3	<p>Which of the following actions by the New York Federal Reserve would most directly influence liquidity in the New York Money Market?</p> <p>A. Issuing new treasury bills</p> <p>B. Increasing federal taxes</p> <p>C. Conducting open market operations in government securities</p> <p>D. Regulating foreign investment policies</p>	2 Marks	CO1
Q 4	<p>Which feature distinguishes the London Money Market from the New York Money Market in terms of structure and regulation?</p> <p>A. Government intervention in both markets is equal</p> <p>B. The London market is more centralized and regulated through the Bank of England</p> <p>C. The New York market has a monopoly on foreign exchange</p> <p>D. The London market prohibits foreign currency trading</p>	2 Marks	CO1
Q 5	<p>In a developed money market, interest rate adjustments by the central bank:</p> <p>A. Take years to impact lending</p> <p>B. Are resisted by all commercial banks</p> <p>C. Are quickly transmitted to lending and deposit rates</p> <p>D. Affect only government borrowing</p>	2 Marks	CO1
Q 6	<p>The central government announced a scheme for improving post-harvest storage and cold chain logistics in rural areas. It wants to involve banks and cooperative institutions for funding. Which institution will play a key role in implementing and monitoring such a scheme?</p> <p>A. RBI</p> <p>B. SEBI</p> <p>C. JNU</p> <p>D. NABARD</p>	2 Marks	CO1
Q 7	<p>The European Central Bank (ECB) announced a negative interest rate policy to stimulate investment and increase liquidity in the Eurozone. What is the primary rationale behind this decision?</p> <p>A. To curb excessive inflation</p> <p>B. To discourage saving and promote lending</p>	2 Marks	CO1

	<p>C. To reduce the value of the yen</p> <p>D. All of the above</p>		
Q 8	<p>A small Japanese commercial bank is focused on deposit mobilization and short-term loans to businesses, while an industrial bank provides long-term capital to large manufacturing firms. What does this reflect about Japan's banking system?</p> <p>A. Its dependence on foreign loans</p> <p>B. Its privatization under BoJ</p> <p>C. It's unified branch-banking model</p> <p>D. Its separation of commercial and industrial banking functions</p>	2 Marks	CO1
Q 9	<p>A private enterprise in India is looking for financial and technical assistance to expand its operations in backward regions. Which international agency is most suited for this purpose?</p> <p>A. RBI</p> <p>B. SEBI</p> <p>C. IFC</p> <p>D. IMF</p>	2 Marks	CO1
Q 10	<p>Despite various reforms, a large part of the Indian Money Market remains unorganised, dominated by moneylenders and chit funds. Which structural measure would best reduce this dualism in the market?</p> <p>A. Deregulate interest rates</p> <p>B. Integrate rural banks with formal institutions</p> <p>C. Promote gold-based credit</p> <p>D. Stimulate employment</p>	2 Marks	CO1
<p style="text-align: center;">SECTION B</p> <p style="text-align: center;">4Qx5M= 20 Marks</p>			
Q 11	Describe the organizational structure and functions of the Bank of England.	5 Marks	CO2
Q 12	Explain the key functions of the Reserve Bank of India (RBI) in the Indian Banking System.	5 Marks	CO2
Q 13	Investigate the commercial banking system in Japan and its role in the economy.	5 Marks	CO2

Q 14	Discuss the key differences between Unit Banking and Branch Banking systems in the USA.	5 Marks	CO2
SECTION-C 3Qx10M=30 Marks			
Q 15	How the organizational structure of the Federal Reserve System functions. How does it maintain independence while being accountable to the public and Congress?	10 Marks	CO3
Q 16	How has the EMU contributed to economic integration in Europe? How its functions are applicable to other developing nations	10 Marks	CO3
Q 17	Critically examine the causes of underdevelopment in money markets in emerging economies. Suggest reforms to improve their functioning.	10 Marks	CO3
OR			
Q 17	How the objectives and instruments of the RBI's monetary and credit policy are used in trade? How are these policies used to control inflation and stimulate growth?	10 Marks	CO3
SECTION-D 2Qx15M= 30 Marks			
Q 18	Sri Lanka is an emerging economy that has made significant strides in developing its financial markets, though it still faces challenges such as low participation in the formal money market, liquidity constraints, and a relatively small range of financial instruments. The Central Bank of Sri Lanka (CBSL) is the central bank responsible for regulating monetary policy, financial stability, and controlling inflation. Despite challenges like political instability and an underdeveloped bond market, Sri Lanka has worked towards improving the money market, focusing on instruments such as Treasury Bills and Repurchase Agreements. However, its banking system faces structural issues, such as limited access to credit in rural areas and a relatively small number of financial institutions compared to developed countries. In contrast, Australia has a highly developed financial market with an integrated and efficient money market that operates with a wide range of sophisticated financial instruments. The Reserve Bank of Australia (RBA) is responsible for regulating and managing the country's monetary policy. The Australian money market is characterized by high	15 Marks	CO4

	<p>liquidity, a broad range of financial instruments (such as short-term government securities, certificates of deposit, and repos), and active participation from both domestic and international financial institutions. Australia's banking system is well-regulated, and the presence of large commercial banks contributes to its financial stability. The RBA plays an important role in setting short-term interest rates, conducting open market operations, and ensuring the soundness of the Australian banking system. Based on the above problem,</p> <ol style="list-style-type: none"> Compare and contrast the money markets of Sri Lanka and Australia in terms of their structure, instruments, and the role of their respective central banks. (8 Marks) Examine the role of the central banks in Sri Lanka and Australia in ensuring financial stability and implementing monetary policy. (7 Marks) 		
Q 19	<p>The International Monetary Fund (IMF) and the World Bank Group play a pivotal role in the global financial system. The IMF provides financial assistance and policy advice to member countries facing balance of payments problems, while the World Bank focuses on providing long-term loans and technical expertise for development projects. The World Bank comprises multiple institutions, such as the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). Each of these organizations has distinct roles: the IBRD helps middle-income and creditworthy low-income countries, the IDA targets the poorest countries with concessional financing, and the IFC supports private sector development by providing financing for businesses.</p> <p>The IMF works to stabilize the international monetary system by offering financial support to countries in crisis and advising on economic policies. It also monitors global financial stability, inflation trends, and currency stability. The World Bank's primary goal is to reduce poverty and promote</p>	15 Marks	CO4

	<p>sustainable development by financing infrastructure, education, and healthcare projects in developing countries. In recent years, these institutions have been challenged by the changing global economic landscape, including the rise of emerging economies, the increasing demand for climate change-related investments, and the growing influence of the BRICS nations.</p> <p>Based on the case study, evaluate the roles of the IMF and the World Bank in promoting global economic stability and development. (15 Marks)</p>		
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