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B.Com Honours | Semester VI | Calicut University

BANKING AND INTERNATIONAL FINANCE

Course Code: COM6EJ303 • Module 1 Notes

Module I: International Banking, Institutions, & Accounts

Covers evolution of international banking in India, International Finance Centers (IFCs), offshore banking, multilateral institutions (IMF, IBRD, BIS), NRI bank accounts, EXIM Bank, and ECGC.

Unit 1: International Banking Nature & Evolution in India

International Banking: Provision of cross-border banking services, correspondent banking, & international trade financing. Evolution: State Bank of India & nationalized banks expanding overseas branches to serve Indian diaspora & international trade.

Unit 2: International Finance Centers & Offshore Banking

Offshore Banking Units (OBUs): Bank branches located in International Financial Services Centers (IFSC GIFT City, Gujarat) operating outside domestic regulatory & tax regimes for non-residents.

Unit 3: International Financial Institutions (IMF, IBRD, BIS, IFC)

Multilateral Bodies:
- **IMF:** Maintains global monetary stability & balance of payments support.
- **IBRD (World Bank):** Long-term development loans for infrastructure.
- **BIS (Bank for International Settlements):** Bank for central banks; Basel capital adequacy norms.

Unit 4: NRI & Foreign Currency Accounts (NRE, NRO, FCNR, EEFC)

Account Types:
1. **NRE (Non-Resident External):** Rupee account, fully repatriable, tax-free in India.
2. **NRO (Non-Resident Ordinary):** Rupee account for Indian income, limited repatriability ($1M/year), taxable.
3. **FCNR(B):** Term deposit in foreign currency (USD, GBP, EUR), fully repatriable, tax-free interest.

Unit 5: EXIM Bank & ECGC Provisions

EXIM Bank: Apex financial institution facilitating foreign trade financing & lines of credit.
ECGC: Provides export credit insurance cover against commercial & political buyer defaults.

Practical Case Framework 1 (NRI Bank Accounts Structural Comparison Matrix): Compare account type, currency of maintenance, repatriability status, and Indian income taxability.

NRI Accounts Typologies Comparison Table:

NRI Account Type	Currency Denomination	Repatriability Status	Taxability in India
NRE Account	Indian Rupee (INR)	100% Freely Repatriable	Exempt from Income Tax
NRO Account	Indian Rupee (INR)	Restricted (USD 1 Million/FY)	Subject to Income Tax & TDS
FCNR (B) Account	Designated Foreign Currency	100% Freely Repatriable	Exempt from Income Tax

Practical Case Framework 2 (Multilateral Financial Institutions Architecture Matrix): Compare institution, headquarters, primary mandate, and core financial assistance instrument.

Global Financial Institutions Table:

Institution Name	Global Headquarters	Primary Mandate
International Monetary Fund (IMF)	Washington D.C., USA	Global financial stability & BoP crisis relief (SDRs)
World Bank (IBRD / IDA)	Washington D.C., USA	Poverty reduction & long-term development projects
Bank for International Settlements (BIS)	Basel, Switzerland	Central bank cooperation & Basel Prudential Norms