Dr. Babasaheb Ambedkar OpenUniversity

Term-End Examination July- 2016

Course :		Numeric Code:	
Subject Code:	BBAIB301	Max. Marks:	70
Subject Name:	Management of Commercial Banks	Duration:	
Date:		Time:	

Section A

Answer the following (Any three): (30)

1. Describe in detail various forms of Loans and Advances given by a commercial bank.

2. Write a detailed note on process of multiple credit creation by a commercial bank. What are the limitations of this process?

3. Explain the concept of Nationalization of a Commercial Bank? What were the reasons behind nationalization of banks? Discuss the criticisms against nationalization of banks

4. What are the four aspects of internal performance of a Bank? Discuss in detail.

5. Discuss the Uniform Capital requirements and Risk-adjusted Capital requirements of a commercial bank

Section B

Answer the following (Any four): (20)

1. Write a short note on Off-Balance Sheet exposures of a Bank

2. Describe the agency functions undertaken by a commercial bank

3. Draw a format of the Balance Sheet of a commercial bank as per The Third Schedule Form 'A'

4. Comment on 'asset and liability sensitivity' of a commercial bank

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5. Discuss the problem of Non-performing Assets in the Indian Banking system

6. Explain how hedging is done by a commercial bank with the help of an Interest rate swap

Section C

A. MCQ **(2 X 5)**

1. Principal functions of a bank are
   a) Accepting deposits
   b) Lending and Investing
   c) Non-fund business and Remittance services
   d) All of the above
2. In deposit accounts, the main relationship between a bank and a customer is
   a) Creditor-Bank, debtor- customer
   b) Creditor-customer, debtor- Bank
   c) Agent- Principal
   d) Servant-owner
3. In a banker's parlance, credit risk in lending refers to
   a) Default of repayment by a borrower
   b) Default of bankers in maintaining SLR
   c) Default of a banker to release credit to a borrower
   d) None of the above
4. Liquidity with a banker means
   a) Cash on hand
   b) Cash and Bank balances
   c) Short term current assets to convert into cash
   d) All of the above
5. Cardinal principles of lending are:
   a) Safety and Liquidity
   b) Profitability and diversification of risks
   c) Purpose and security

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d) All of the above

B. Do as directed **(2X5)**

Define and explain in brief:

1. Electronic Funds Transfer

2. Letter of credit

3. Factoring and forfaiting

4. Dollar Gap

5. Interest rate risk

End of Question Paper

SAMPLE QUESTION PAPER