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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 08 / 01/ 2025 **Time:** 09:30 am –12:30 pm |

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| **School:** SOM(PG) | **Program:** MBA | |
| **Course Code :** MBA3069 | **Course Name :** Commercial Banking | |
| **Semester**: III | **Max Marks**: 100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **13** | **13** | **28** | **46** |  |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 3marks. 3Mx10Q=30M** | | | | |
| **1** | Recall the features of equitable mortgage | **3 Marks** | **Remembering** | **CO3** |
| **2** | Explain the features of Real Time Gross Settlement (RTGS) | **3 Marks** | **Understanding** | **CO3** |
| **3** | Recall the salient features of Society for Worldwide Interbank Financial Telecommunications (SWIFT) | **3 Marks** | **Remembering** | **CO4** |
| **4** | Summarize the characteristics of Marginal Cost of Lending Rate (MCLR) | **3 Marks** | **Understanding** | **CO3** |
| **5** | Explain the differences between repo and reverse rates | **3 Marks** | **Understanding** | **CO1** |
| **6** | Recall the salient features of assignment with suitable examples | **3 Marks** | **Remembering** | **CO3** |
| **7** | Explain the concept of Loan to Value (LTV) ratio with an illustration | **3 Marks** | **Understanding** | **CO3** |
| **8** | Recall the features of National Electronic Funds Transfer (NEFT) | **3 Marks** | **Remembering** | **CO4** |
| **9** | Recall the salient features of hypothecation with suitable examples | **3 Marks** | **Remembering** | **CO3** |
| **10** | Recall the types of deposit accounts | **3 Marks** | **Remembering** | **CO2** |

**Part B**

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| **Answer ALL the Questions. Each question carries 10 marks. 10Mx4Q=40M** | | | | |
| **11** | Explain the ownership structure of Private Sector Banks (Old & New) in India. Discuss how universal banking is related to the services provided by New Private Sector Banks. | **10 Marks** | **Understanding** | **CO1** |
| **Or** | | | | |
| **12** | Indian banks have increasingly relied on issuing Certificates of Deposit (CDs) in 2024 to meet liquidity demands during the festive season.  Explain how CDs help banks manage liquidity, and describe their features and associated risks for investors. | **10 Marks** | **Understanding** | **CO1** |

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| **13** | The flow of money in non-resident Indian (NRI) deposit schemes almost doubled to $10.19 billion between April and September, 2024 (H1Fy25) from $ 5.41 billion put in by overseas Indians in these schemes during the same period in 2023, data released by the Reserve Bank of India (RBI) showed.    The total outstanding NRI deposits as of September, 2024 stood at $ 161.62 billion, according to the data released on Friday. The NRI deposit schemes include foreign currency non-resident (FCNR) deposits, non-resident external (NRE) deposits, and non-resident ordinary (NRO) deposits.  Describe the concept of NRI as per RBI and FEMA guidelines.  Compare between NRE and NRO accounts. Explain the tax implications for a non-resident as per DTAA. | **10 Marks** | **Evaluating** | **CO2** |
| **Or** | | | | |
| **14** | India’s lower mortgage-to-GDP ratio compared to its peers provides a wide scope for growth in mortgage finance, HDFC Ltd’s Chairman Deepak Parekh had commented in an investors’ meeting. At just 11 per cent, India’s mortgage-to-GDP ratio is low compared to countries like China, Malaysia and Singapore. It is also significantly lower than much of the Western world where the ratio is upwards of 60 to 90 per cent, he said.  Analyze the concept of Mortgages under Section 58 of transfer of Property Act. Describe the various kind of mortgages.  Explain the concept of reverse mortgages and highlight its salient features | **10 Marks** | **Analyzing** | **CO2** |

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| **15** | State-owned Punjab & Sind Bank on November 2024, said it has launched e-Bank Guarantee (e-BG) facility in partnership with National e-Governance Services Ltd (NeSL) that replaces the paper-based BG issuance process with e-stamping and e-signatures. With the secured transmission and enhanced transparency, beneficiaries will save efforts and time in the verification of physical BGs.  Explain the concept of Bank Guarantees (BGs) and its various types  Analyze the characteristics of asset-based lending with relevant examples. | **10 Marks** | **Analyzing** | **CO3** |
| **Or** | | | | |
| **16** | Indian scheduled commercial banks' gross NPA ratio was down to a multi-year low of 2.8 per cent while the net NPA ratio fell to 0.6 per cent at end of March 2024, the Reserve Bank of India said in its 29th Financial Stability Report. SCBs have been boosted by rising profitability and declining nonperforming assets, RBI said. SCBs' return on assets (RoA) and return on equity (RoE) are close to decadal highs at 1.3 per cent and 13.8 per cent, RBI noted.  Explain the asset classifications under Non-Performing Assets (NPAs)  Explain the importance of Asset Reconstruction Companies (ARCs) | **10 Marks** | **Understanding** | **CO3** |

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| **17** | State Bank of India (SBI) raised Rs. 7,500 crores in September,2024, at a coupon rate of 7.33% through its second Basel III compliant Tier 2 bond issuance for the current financial year. The bonds are issued for a tenor of 15 years, with call option after 10 years and each anniversary dates thereafter and are rated AAA with stable outlook from CRISIL Ratings and CARE Ratings.  Analyze the concept of Capital Adequacy Ratio in the banking sector.  Analyze the implications of Basel III accords in the Indian Banking Sector. | **10 Marks** | **Analyzing** | **CO4** |
| **Or** | | | | |
| **18** | The Supreme Court has said dishonouring cheques will now be a 'regulatory offence'. The order is in view of public interest so that the reliability of these instruments can be ensured. The apex court suggested the courts to encourage compounding of offences under the Negotiable Instruments Act if parties are willing to do so. A bench of Justices Sudhanshu Dhulia and Ahsanuddin Amanullah pointed out Section 147 of the Negotiable Instruments Act makes all offences compoundable offences so the settlement agreement can be treated to be compounding of the offence.  Explain the consequences of dishonour of cheque under the Negotiable Instruments Amendment Act, 2018.  Analyse the salient features of the Limitation Act,1963 in the context of the Indian banking regulations | **10 Marks** | **Analyzing** | **CO4** |

**Part C**

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| **Answer all the Questions. Each Question carries 15 marks. 15Mx2Q=30M** | | | | |
| **19** | The Financial Intelligence Unit (FIU) has imposed a fine of Rs 54 lakh on the Union Bank of India for "failing" to report suspicious transaction reports and for not undertaking due diligence under the anti-money laundering law for certain accounts at one of its branches in Mumbai.  The federal agency issued the penalty notice under section 13 of the Prevention of Money Laundering Act (PMLA) on October 1 as it observed that the charges against the lender were "substantiated" after it considered written and oral submissions made by the Bank.  The investigation started, pursuant to an observation by the FIU, and a "comprehensive review" of the Bank's operations was undertaken, which uncovered certain "irregularities" related to KYC/AML (know your customer/anti-money laundering laundering) compliance.  "An independent examination of specific current accounts maintained at Union Bank of India, Hill Road Branch, Mumbai, revealed that the accounts of an NBFC (non-banking financial company) and its associated entities were engaged in substantial circular fund transfers, orchestrated through entities under common control," the FIU said in a summary public order accessed by PTI.  The FIU found that there were "several critical irregularities" involving entities with a common registered address and identical beneficial owners.  "Despite their authorised capital being only Rs 1 lakh, each of these entities exhibited credit turnovers disproportionate to their declared business operations, with significant RTGS (real time gross settlement) inflows from the accounts of the NBFC in question.  Analyze the concept of money laundering and the processes involved.  Evaluate the impact of The Prevention of Money Laundering Act (PMLA) 2002, Know your Customer (KYC) and Customer Risk Categorization (CRC) norms on the banking sector. | **15 Marks** | **Evaluating** | **CO4** |
| **20** | The Reserve Bank's FI-Index, capturing the extent of financial inclusion across the country, rose to 64.2 in March 2024, showing growth across all parameters. The index captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion. “The value of the index for March 2024 stands at 64.2 vis-à-vis 60.1 in March 2023, with growth witnessed across all sub-indices,” the Reserve Bank of India (RBI) said in a statement on July 9. The improvement in FI-Index is mainly contributed by usage dimension, reflecting deepening of financial inclusion, it added. The FI-Index comprises three broad parameters — access (35%), usage (45%), and quality (20%) — with each of these consisting of various dimensions, which are computed based on a number of indicators.  Analyze the role of Financial Inclusion in the Indian Banking Sector  Explain the salient features of Business Correspondent Model in Financial Inclusion  Explain the role played by NBFC-MFIs in the financial inclusion initiatives. | **15 Marks** | **Analysing** | **CO4** |