Roll No										

PRESIDENCY UNIVERSITY

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Even Semester End Term Examination, May / June 2026		
Date: 25/05/2026		**Time: 09.30 AM - 12.30 PM**
Course Code: CBS1020	**Course Name: Introduction to Banking**	
Semester: Second Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4
Marks	36	40	68	36

Part A: Answer Following Questions. 20 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
1	The central bank regulates and controls the banking system of a country. Write any two functions of the Reserve Bank of India.	2	CO1	BT2
2	The RBI uses various tools to regulate money supply and credit in the economy. What is meant by credit control?	2	CO1	BT2
3	A business transfers funds in batches at specific intervals during working hours. Which electronic payment system is being used?	2	CO2	BT2
4	A customer sends money instantly at midnight using a mobile banking app. Outline the fund transfer system mentioned here.	2	CO2	BT2
5	A bank accepts deposits and facilitates payments but does not provide loans or credit cards. Define the category of bank referred here.	2	CO2	BT2
6	A user clicks on a fake banking link and unknowingly shares login credentials. Name the type of cyber risk demonstrated here.	2	CO2	BT2
7	A bank starts operating in foreign countries to expand its market presence. What concept does this expansion represent?	2	CO3	BT2
8	A bank sets limits, monitors exposures, and diversifies its portfolio to reduce losses. Mention the process being followed here.	2	CO3	BT2
9	A loan account stops generating income for the bank after a specified period of non-payment. What classification does such an asset receive?	2	CO4	BT2
10	A bank allocates a portion of its profits to cover expected losses from doubtful loans. What is this practice called?	2	CO4	BT2

Part B: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
11.a	A financial institution provides banking, insurance, mutual funds, and advisory services under one roof. It aims to become a one-stop solution for all financial needs of customers. At the same time, it operates under strict guidelines issued by RBI. Identify the concept of banking reflected in the case and Explain any three advantages of such a banking model.	6	CO1	BT3
11.b	A customer approaches a bank for a home loan, while another invests in a fixed deposit in the same bank. The bank earns profit by maintaining a spread between interest earned and interest paid. Meanwhile, RBI reduces repo rate to encourage lending in the economy. Explain the core functions of a commercial bank highlighted in the case.	10	CO1	BT3
12.a	A leading commercial bank in India has expanded its operations across urban and rural areas. It offers a wide range of services including deposits, loans, insurance, mutual funds, and digital banking. The bank is focusing on increasing its CASA ratio while complying with RBI regulations like CRR and SLR. Recently, RBI has tightened monetary policy to control inflation. Explain the concept of commercial banking and its key features. Discuss the importance of CASA for banks.	6	CO1	BT3
12.b	A bank provides home loans, vehicle loans, and business loans while also accepting deposits from customers. It earns profit through interest spread. At the same time, it offers services like fund transfers, locker facilities, and bill payments. Explain the primary and secondary functions of commercial banks. and discuss how banks earn profits through their operations.	10	CO1	BT3

Part C: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13.a	During inflation, RBI increases CRR and sells government securities in the open market to reduce liquidity. Banks, in turn, face reduced lending capacity and tighter credit conditions. Identify the types of credit control methods used by RBI and explain how these measures impact bank lending.	6	CO2	BT3
13.b	A start-up company receives funding from venture capitalists who not only invest money but also participate in management decisions. The company has high growth potential but also faces significant risk. Explain the concept of venture capital and state any three features of venture capital financing.	10	CO2	BT3
14.a	A large infrastructure project like a metro rail system is financed based on future cash flows rather than existing assets. Multiple institutions are involved in funding, and risks are shared among them. Interpret the financing method used in this case and explain its key features.	6	CO2	BT3

14.b	A bank warns its customers about fraudulent emails that appear to be from official sources and request sensitive information. It also educates customers about secure online practices. Identify the type of cyber threat mentioned in the case and explain how such frauds occur.	10	CO2	BT3

Part D: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
15.a	A bank gives loans to several businesses, but due to an economic slowdown, many borrowers fail to repay. At the same time, internal system failures cause transaction errors. Identify the types of risks involved in this case and explain each risk briefly.	6	CO3	BT3
15.b	A bank implements internal controls, sets exposure limits, and continuously monitors its loan portfolio to reduce uncertainties and losses. Summarize the process being followed by the bank and Explain its importance in banking operations.	10	CO3	BT3
16.a	A bank heavily invests in a particular sector. Due to an unexpected downturn in that sector, the bank suffers significant losses. Identify the type of risk highlighted in this case. Explain why concentration of investments is risky.	6	CO3	BT3
16.b	A bank faces multiple challenges: borrowers default on loans, interest rates fluctuate, and internal systems occasionally fail. These issues impact profitability and customer trust. Identify and explain the different types of risks faced by the bank. Suggest comprehensive risk management strategies.	10	CO3	BT3

Part E: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
17.a	A bank expands internationally to diversify its portfolio. However, it faces exchange rate fluctuations, regulatory differences, and political uncertainties. a) Explain the concept of internationalization of banking. (3 Marks) b) Identify the risks involved in international operations. (3 Marks)	6	CO3	BT3
17.b	A bank adopts risk management practices such as diversification, setting exposure limits, and continuous monitoring of loans and investments. a) Explain the concept of risk management in banks. (5 Marks) b) Discuss its importance. (5 Marks)	10	CO3	BT3
18.a	A bank faces losses due to sudden changes in interest rates, which reduce the value of its assets. Additionally, it struggles to refinance its short-term liabilities during a liquidity crunch. Identify the risks highlighted in the case and explain the concept of interest-sensitive	6	CO3	BT3

 PTO (Please Turn Over)

	assets.			
18.b	A bank expands its operations to foreign countries to increase profitability and diversify its portfolio. However, it faces challenges like exchange rate fluctuations and regulatory differences. Interpret the concept illustrated by the bank’s expansion and Identify any two risks involved in such expansion.	10	CO3	BT3

Part F: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
19.a	A bank reports a significant increase in NPAs due to borrower defaults. This reduces profitability, affects liquidity, and lowers investor confidence. Explain the concept and classification of NPAs.	6	CO4	BT3
19.b	A bank follows strict provisioning norms and regularly monitors loan accounts. It also adopts early warning systems to identify potential defaults. Explain the concept of provisioning and discuss its importance in banking.	10	CO4	BT3
20.a	A bank restructures loans, improves credit appraisal, and strengthens recovery mechanisms to manage bad loans effectively. Explain various NPA management strategies. and discuss the role of credit appraisal in preventing NPAs.	6	CO4	BT3
20.b	Banks in India follow Basel norms to maintain capital adequacy and manage risks, especially related to NPAs and credit exposure. Explain the objectives of Basel norms and discuss their relevance to NPAs.	10	CO4	BT3

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