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**MASTER OF BUSINESS ADMINISTRATION
(BANKING AND FINANCE) (MBABFEV)**

Term-End Examination

June, 2013

MCN-031 : CREDIT MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. What is meant by 'credit management' in a bank ? State its importance. Briefly write about principles of credit management in banks. 20

2. What objectives are kept in mind while drafting the credit policy in a bank ? Does RBI regulate the formulation of such a policy ? 20

3. State the different types of borrowers of bank credit. Can a banker apply different norms for different borrowers ? Give reasons for your answer. 20

4. What are 'prudential norms' in the context of banking sector ? What purpose do they serve ? Briefly state these prudential norms in Indian banking sector. 20
5. As a banker, how would you carry out the credit evaluation for a borrower for term loan. Explain in details. 20
6. Distinguish between 'fund based' and 'non-fund based' facilities. Which one of these should be preferred by banks and why ? Can a banker provide only one (and not the other) of these ? 20
7. Why is 'credit monitoring' an essential activity in a bank ? Would the credit-worthiness of a borrower change over time ? How does a bank monitor the client profile and reacts to a positive change in credit-worthiness of a borrower ? 20
8. Write short notes on *any two* of the following : 20
- (a) Financing of exports and imports by banks.
 - (b) RBI guidelines and control over working capital financing.
 - (c) Follow up credit and RBI guidelines in this context.
 - (d) Financial Statement Analysis of borrower through ratios.