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**MASTER OF BUSINESS ADMINISTRATION
(MBACT)**

**Term-End Examination
December, 2011**

**MCTE-034 : BANKING PRACTICES AND
ANALYSIS**

Time : 3 hours

Maximum Marks : 100

Note : Answer *any five questions*. Marks are indicated against questions.

1. In banking parlance, it is commonly said that a banker is not merely a depository or trustee. What, then, is the true relationship between a banker and a customer ? **20**
2. The Basel Committee on Banking Supervision has prescribed a set of norms aimed at risk management of banks, under Basel-II. What are the principal features of these norms ? **20**
3. What are the 'Know Your Customer' (KYC) norms for banks and financial institutions ? What are the objectives for which these norms have been prescribed ? Are there any specific exclusions to these norms ? **20**

4. The banking mechanism is often considered akin to an inverted pyramid, owing to the process of credit creation. Explain how this process of credit creation functions. 20
5. Briefly outline five credit instruments used in commercial banking. 20
6. Explain the importance of the following policy rates : 20
- (a) Repo and reverse repo
 - (b) Bank rate
- How do these rates influence credit control ?
7. What are the principal components of Tier-I and Tier-II Capital of a bank ? 20
8. What are Open Market Operations (OMO) of a Central Monetary Authority (Central Bank) of a country ? How do these influence money supply ? 20
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