

**MASTER OF BUSINESS ADMINISTRATION  
(MBACT)**

**Term-End Examination**

00230

**December, 2014**

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

*Time : 3 hours*

*Maximum Marks : 100*

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**Note :** Answer any **five** questions. All questions carry equal marks.

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1. Discuss the various special relationships of a banker and a customer. Explain the circumstances under which a banker can disclose the customer's information to the third party. 20
2. Why are reserve funds and other reserves created by the commercial banks ? Name any five reserves and stages also, at which they are created. 20
3. Discuss the need of liquidity management and the effective funds management in banking business. Also explain how CRR and SLR play an important role in maintaining the bank's liquidity position. 20

4. What are the various sources of funds for the commercial banks ? Discuss various strategies a bank may like to exercise to mobilise their funds. 20
  5. Write the significance of portfolio management in the banking business. Explain the concept of 'Accommodation Principle' and 'Profit Maximisation Principle' with reference to portfolio behaviour of commercial banks. 20
  6. What is liquidity risk and operational risk ? Explain with suitable examples. How can risk management process control the credit risk, interest rate risk and liquidity risk ? 20
  7. Analyse the advanced framework of Basel-III towards effective management of risk based capital. Also identify certain limitations of Basel-III. 20
  8. Write short notes on any **four** the following :  $4 \times 5 = 20$ 
    - (a) Capital Adequacy Ratio
    - (b) Types of crossing a cheque
    - (c) Banker's Right of Set-off
    - (d) Contingent Liabilities
    - (e) Investment-Deposit Ratio
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