

00263

**MASTER OF BUSINESS ADMINISTRATION
(MBACT)**

Term-End Examination

June, 2012

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

Time : 3 hours

Maximum Marks : 100

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

1. What are the principal sources of funds for a commercial bank ? Accordingly, what will be the composition of the liabilities side of the balance sheet of the bank ? 20

2. In spite of a globally prevalent economic slowdown, which has adversely impacted the banking sector in recent years, banks in India have remained buoyant and have even demonstrated impressive growth. What features of the banking and regulatory systems have led to this trend in India ? 20

3. Three important objectives for commercial banks are liquidity, profitability and safety. 20
 - (a) How can a commercial bank balance these conflicting objectives ?

- (b) What was the nature of the mismatch in these objectives, that led to the sub-prime crisis ?
4. What factors act as limiters to the process of credit creation by the banking sector ? **20**
5. Write notes on *any two* of the following : **10+10=20**
- (a) Banker's Acceptance
 - (b) Revolving Credit Facility
 - (c) Bill Discounting
6. What are the principal functions of the Central Monetary Authority (Central Bank) of a country ? **20**
7. Banks, when dealing in foreign exchange, face foreign exchange risk. What strategies are followed by banks towards the management of these risks ? Explain any two. **20**
8. Outline the regulation of banking in India. **20**
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