

00711

**MANAGEMENT PROGRAMME**  
**(Banking and Finance)**

**Term-End Examination**  
**June, 2012**

**MS-422 : BANK FINANCIAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. Explain the objective and scope of financial management in banking industry. Explain the concept of Asset Liability management and discuss its significance in this context.
2. Explain the functions and classifications of Bank Capital ? What are the requirements of the Banking Regulation Act,1949 regarding share capital that the banking companies have to comply with in order to carry on their business ?
3. Why do the banks need to have treasury department ? What are the different controls that banks put in place to make their treasury department more efficient and effective ?

4. What should be the credit risk strategy and policies of a bank in order to have an effective credit risk management ? Also discuss the credit risk measurement and monitoring procedures that banks should follow.
5. Describe the methods and strategies that are available for the banks in order to set the price of their products and services.
6. Why do banks go for mergers ? What are the core principles that weak banks usually have to incorporate in their restructuring strategies ? Discuss.
7. 'Although the concept of Liquidity Gap is very simple to understand and use, there are issues which need to be addressed to, so as to use the Gap Approach.' Discuss each of these issues in the light of the Indian Banking Industry.
8. Write short notes on :
  - (a) Repo rate and Reverse Repo rate
  - (b) Certificates of Deposit
  - (c) Call Money Market
  - (d) Floating Rate Notes