

**PGDM / PGDM (IB), Batch 2020-22**  
**Retail Banking-Asset Products and Services**  
**DM-362 / IB-362**  
**Trimester – III, End-Term Examination: April, 2021**

Time allowed: 2 Hrs 30 Min

Max Marks: 50

**Instruction:** Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	10 Marks each*3	30
B	Compulsory Case Study	20 Marks	20
		<b>Total Marks</b>	<b>50</b>

**SECTION A:**

- a) Write to the point and relevant while answering questions.
- b) Maximum word limit for each full question with all its parts is 300 words.

**Q. 1. A. [CILO-1]**

- a) Comment on the following statement giving at least 5 reasons either in favor or against the statement: "Retail banking is not much different from Corporate Banking"
- b) Describe various fundamental parameters on which the retail banks develop their models for pricing of products and services. Give suitable examples.  
(5+5)

**OR****Q. 1. B [CILO-1]**

- a) The bank products evolved over the period on the following lines:
  - i. The Generic Product
  - ii. The Expected Product
  - iii. The Augmented Product
  - iv. The Potential Product

Explain these stages of product development with suitable examples in the retail banking context.

- b) CRM is not just an option for the banks but a compulsion to achieve business synergies and optimization of resources. Elaborate why the above statement is true or untrue. (5+5)

**Q. 2. A [CILO-2]**

- Describe the components of project cost of housing finance.
- Describe the LTV ratios mandated by RBI for home loans.
- Differentiate between REITS vs Real Estate Mutual Funds.
- Who is a Willful defaulter as per RBI norms? (2.5\*4)

**OR**

**Q. 2. B [CILO -2]**

- Provide one example how Credit card holder can fall into a Debt Trap.
- Define TAD, MAD, APR and Finance Charge.
- Differentiate between Proprietary Card, Co-branded Card, White Label Card.
- Provide briefly, the broad classification of Problem Accounts (Special Mention Accounts) and NPAs. (2.5\*4)

**Q. 3. A [CILO -3]**

a) There is a proposal for home loan with the following particulars:  
 Cost of Flat = Rs.48 lakh, Stamp duty and registration charges = Rs. 6 lakh, Loan amount requested is 45 lakh, Gross monthly salary income = Rs. 1, 00,000/-, Monthly TDS = 20,000/-, Monthly PF deduction = 10,000/-, Tenor of loan = 20 yrs, Interest rate: 7 % p.a (floating), Margin requirement: as per RBI norms. EMI per Rs one lakh is Rs.776. Net take home salary/ income (gross salary/ income net of deductions including EMI of proposed loan) should not be less than 40%. Work out the EMI amount for the eligible loan as per rules.

b) Cost of new car is Rs.19,98,000, Cost of accessories is Rs. 42760, Cost of insurance is Rs56,480, Cost of registration is Rs. 2,28,570. Margin offered is 25% against margin required @ 15%. Gross monthly income = Rs. 90,000/-, Monthly TDS = 10,000/-, Monthly PF deduction = 10,000/-, Net take home salary/ income (gross salary/ income net of deductions including EMI of proposed loan) should not be less than 40%. With Rs.1558 being the EMI per lakh @8% interest p.a. for 84 months' period, how much will be the total amount of EMI for the loan approved:

OR

**Q. 3. B [CILO -3]**

- a) A businessman approaches a bank for a loan of Rs. 100 lakh against his commercial property situated in a metro with market value of Rs.150 lakh and forced sale value of Rs.100 lakh. As per his Income Tax Assessment Order for the last three years his annual income (PAT + DEP) is Rs. 23, 20 & 17 lakh respectively. Net income (gross income net of deductions including EMI of proposed loan) should not be less than 50%. With 30% margin, the Intt @12 % pa, repayment in 15 years , how much will be the EMI amount for the approved loan if per lakh EMI is Rs.1201 for 180 months?
- b) Mr. Paresh has got admission for pursuing MBA at Toronto University Business School, Canada. Yearly expenses in CAD are as under: Annual fee = 40,000 (allowed in full), Boarding/lodging = 18,000 p.a (up to 40% of Tuition fee permitted) , Examination & Lab fee (annual) = 6,000 (allowed in full), building fund/refundable deposit = 5000 (allowed up to 10% of tuition fee) Books, computer = 3000 (allowed upto 20% of tuition fee). Paresh's father is agreeable to mortgage his residential house valued at Rs. 1 crore . How much loan bank shall sanction with 15% margin, in Indian Currency @Rs.59 per Canadian Dollar? Why the income of the parent or the student is not considered in education loans?

**SECTION B: [CILO-3]****Q4. Case Study: Comparative study of products of two retail banks**

You are required to select any two banks, out of PSBs, or Pvt Banks or Foreign Banks or a combination of one bank each from different classification of banks as above and answer the following questions:

1. What kind of *Business Model Approach and Implementation Model* these two banks are following for their Retail banking business?
2. Which one of the banks is more active in *New Product Development* compared to the other and how (give some examples)?
3. Give names and features of at least two *Core* asset products and two *Augmented* asset products for each of these two banks
4. Give names and features of at least two *Core* liability products each and two *Augmented* liability products each of these two banks.
5. Describe the *Positioning and USP* of one asset products and one liability product of these two banks.

You must use the undernoted format to answer this questions.

Question No.	Bank A (Name)_____	Bank B (Name)_____
1. Business Model Approach		
Implementation Mode		
2. Which Bank is Bank is more active in New Product Development	New Products	New Products
	Conclusion:	
3. (a) Two Core Asset Products	1 2	1 2
(b) Two augmented Asset Products	1 2	1 2
4. (a ) Two core liability Products	1 2	1 2
(b) Two Augmented Liability Products	1 2	1 2
	Comments	
5. (a) One Asset Products (Positioning and USP)	1) Product Name _____ Positioning _____ USP _____	1) Product Name _____ Positioning _____ USP _____
(b) One Liability Product (Positioning and USP)	1) Product Name _____ Positioning _____ USP _____	1) Product Name _____ Positioning _____ USP _____

(4\*5)

**\*End of Question Paper\***