

PGDM 15-17/IB 15-17
Management of Commercial Banks

DM-415/18414

Trimester – I & IV, End-Term Examination: September 2016

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No.

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

SECTION A

1. What is Financial Intermediation? Explain its role in the Indian economy
2. What are the functions of Reserve Bank of India?
3. How do a Bank's Annual Accounts differ from that of a Commercial Company's?
4. What are Prudential Norms for Income recognition & Asset Classification for Banks?
5. What is the role of Debt Recovery Tribunals & SARFAESI Act in NPA Management?

SECTION B

1. What are the features of Basel Agreements 1,2 & 3 and the pros and cons of each?
2. What is Asset Liability Management in Banks?
3. What preventive measures should be used for bank frauds? What is the role of ethics in Banking? Explain with suitable examples.

SECTION C

Consider the Balance sheet as on 30.9.2013 and Income statement of ABC Bank Ltd.:

Assets	Rs. In cr.	Liabilities	Rs. In cr.
Cash	336	Net Worth	731
Investments	1688	- Equity capital	12
- SLR	986	- Reserves	719
- Equity Investments in Subsidiaries	120	Deposits	3090
- RIDF and related	229	- Savings	935
Advances	3178	- Current	404
Fixed assets	433	Borrowings	1454
		Other liabilities	360
Total	5635	Total	5635

ABC Bank's Income statement for FY 2013

Particulars	2012	2013
Interest income	335.42	400.75
Interest expense	228.08	262.09
Net interest income	107.34	138.66
Non-interest income		
- Fee income	67.07	69.01
- Treasury income	-0.13	4.95
- Dividend from subsidiaries	7.36	9.12
- Other income (including lease income)	0.72	0.38
Operating income	182.36	222.12
Operating expenses	78.5	90.13
Operating profit	103.86	131.99
Provisions, net of write-backs	15.83	18.03
Profit before tax	88.03	113.96
Tax, including deferred tax	23.38	30.71
Profit after tax	64.65	83.25

Work out and discuss the following:

1. What is the percentage of CASA to total deposits?
2. What is the Debt to Equity ratio of ABC Bank?
3. What is the level of NPAs to book value of ABC Bank if 2% of advances go bad?
4. What is the Capital adequacy ratio based on the above?
5. What is the NIM and interest spread?