

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA SEMESTER-4- EXAMINATION – SUMMER 2020****Subject Code: 4549292****Date:09/11/2020****Subject Name: Banking****Time: 10:30 AM TO 1.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** Explain the Terms: **14**
- (a) Cheque Truncation System
 - (b) Export Bill Negotiation
 - (c) Participatory Note
 - (d) Digital Literacy
 - (e) EMV Card
 - (f) Operating Lease
 - (g) Debt Recovery Tribunal
- Q.2** (a) Discuss stages of Money laundering and why Anti-Money Laundering is essential? **07**
- (b) Explicate the features of Merchant Banking. **07**
- OR**
- (b) “Plastic Money is essential for Indian Economy in this COVID Scenario” Elaborate. **07**
- Q.3** (a) What do you mean by charging Security? Explain its types. **07**
- (b) How home loans differs from personal loan in documentations? **07**
- OR**
- Q.3** (a) Do you adore New Age Clearing? How? Describe EFT to support your answer. **07**
- (b) Analyze features of E-Wallets/ Digital Wallets for Consumers. **07**
- Q.4** (a) Discuss the opportunities and challenges in retail banking after COVID 19 Pandemic? **07**
- (b) Is Social Banking Important for Indian Economy? Elucidate the delivery mechanism of SFG in India? **07**
- OR**
- Q.4** (a) Elaborate the Concept of Unified Payments Interface (UPI) and discuss its Mechanism & Services. **07**
- (b) Define Non-Performing Assets and Describe its types and Classification. Covid-19: Indian Govt clears plan to suspend IBC **07**
- Q.5** In this difficult time of COVID-19 Pandemic the government came with big relief to cash-starved firms, the proposal to suspend the insolvency process, was first announced by our Finance Minister Nirmala Sitharaman on May 17 and The Union Cabinet cleared a proposal to suspend the Insolvency and Bankruptcy Code (IBC) process for six months, which could be extended up to a year on June 3. This will

potentially hit financial and operational creditors hard and bleed their balance sheet, apart from temporarily depriving them of a credible mode of bad debt resolution. Lenders may be forced to seek regulatory forbearance on provisioning and capital requirements. Though the government is likely to promulgate an Ordinance soon to bring the change into effect. The FM had also said the government was devising a special resolution framework for micro small and medium enterprises (MSMEs). The government had already announced the increase in the threshold for triggering insolvency to Rs 1 crore, from Rs 1 lakh. It would exempt “all COVID-related debt” from the definition of default under the IBC. In more relief to firms unable to pay their loans amid the pandemic.

In the statement given by RBI “The moratorium period will be excluded from the classification of non-performing assets. As such, a company availing of the moratorium will not be classified as a bad loan until August 31”

Industry experts are in favour of the move as it is expected to allow companies to get their business back on track without the fear of being dragged into insolvency. Legal experts advised the government could allow pre-packaged insolvency resolution plans, popular in the United States and the United Kingdom, for MSMEs. Such a scheme involves an agreement by the stressed company and its creditors with a buyer before initiating insolvency proceedings.

Furthermore, some experts said that the suspension on fresh initiation of insolvency proceedings for one year is likely to increase provisioning for banks. Even before the pandemic, the slowdown in the economy had caused deterioration in credit quality. The blanket suspension of defaults on account of COVID could lead to unintended consequences. Questions like why should an entity not refer itself to insolvency, what is the parallel regime of resolution? What is the framework for creditors to come up with a viable resolution plan outside of IBC? Continue to remain unanswered.” This will surely benefit corporate entities who genuinely want to pull themselves out of an economic slump or slowdown but will ultimately hamper the recovery prospects of financial institutions in cases of existing defaults and those cases as well where the accounts have already been declared NPAs”.

- (a) Are you in the favour of government suspending Insolvency process for a year? Discuss. **07**
- (b) Brief the process of IBC in detail. **07**

OR

- (a) What could be the resolution plan for Banks if NPA increases? **07**
- (b) As measure has been taken in view of the disruption caused due to the COVID crisis and increased minimum default threshold to its maximum capacity, i.e., Rs 1,00,00,000/- what could be the possible issues? **07**
