Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER– IV EXAMINATION – WINTER 2020

Subject Code:4549292 **Date:02/01/2021**

Subject Name: Banking

Time:02:00 PM TO 04.00 PM **Total Marks: 47**

Instructions:

1. **Attempt any THREE questions from Q1 to Q6.**
2. **Q7 is compulsory.**
3. **Make suitable assumptions wherever necessary.**
4. **Figures to the right indicate full marks.**

Q.1 a	Explain the following terms/concepts in short. (Each of 2 Marks) (a) Retail Banking (b) KYC (c) Microfinance	**06**
Q.1 b	Explain the following terms/concepts in short. (Each of 2 Marks) (d) Cash Credit (e) NPA (f) Cheque Truncation	**06**
Q.2 (a)	Discuss the characteristics of a saving bank account offers by any nationalize bank in India.	**06**
Q.2 (b)	Explain the various growth drivers of retail banking business in India along with suitable example.	**06**
Q.3 (a)	What are the different types of loans/advances offers to an individual customer by banks?	**06**
Q.3 (b)	Suppose Mr. A is a salaried person earning Rs. 6 Lakh per year is in need of home loan to buy its own home. Guide him regarding different home loan features and documentations required for the same.	**06**
Q.4 (a)	What is a credit card? Discuss the advantages and disadvantages for using credit card as a customer.	**06**
Q.4 (b)	Differentiate between various secure loans/advances and unsecured loans/advances by citing appropriate example.	**06**
Q.5(a)	Explain the features and benefits of online fund transfer facilities like RTGS, NEFT, and IMPS.	**06**
Q.5(b)	Assume that you are user of online banking services, what are the different safety/precautionary steps you would take to remain protected against any kind of fraud.	**06**
Q.6 (a)	Discuss any one E-Wallet in detail available in India.	**06**
Q.6 (b)	Are you in favors of internet banking services or against it? Justify your answer with proper explanation for your view.	**06**

Q.7 **CASE STUDY:**

The issue of Non-Performing Assets (NPAs) in the Indian banking sector has become the subject of much discussion and scrutiny. Bank gives loans and advances to borrowers. Based on the performance of the loan, it may be categorized as: (i) a standard asset (a loan where the borrower is making regular repayments), or (ii) a non-performing asset. NPAs are loans and advances where the borrower has stopped making interest or principal repayments for over 90 days. As of March 31, 2018, provisional estimates suggest that the total volume of gross NPAs in the economy stands at Rs 10.35 lakh crore. About 85% of these NPAs are from loans and advances of public sector banks. In the last few years, gross NPAs of banks (as a percentage of total loans) have increased from 2.3% of total loans in 2008 to 9.3% in 2017 as per RBI report. This indicates that an increasing proportion of a bank's assets have ceased to generate income for the bank, lowering the bank's profitability and its ability to grant further credit. Escalating NPAs require a bank to make higher provisions for losses in their books. The banks set aside more funds to pay for anticipated future losses and this along with several structural issues, leads to low profitability.

Some of the factors leading to the increased occurrence of NPAs are external, such as decreases in global commodity prices leading to slower exports. Some are more intrinsic to the Indian banking sector. A lot of the loans currently classified as NPAs originated in the mid-2000s, at a time when the economy was booming and business outlook was very positive. Large corporations were granted loans for projects based on extrapolation of their recent growth and performance. With loans being available more easily than before, corporations grew highly leveraged, implying that most financing was through external borrowings rather than internal promoter equity. But as economic growth stagnated following the global financial crisis of 2008, the repayment capability of these corporations decreased. This contributed to what is now known as India's Twin Balance Sheet problem, where both the banking sector (that gives loans) and the corporate sector (that takes and has to repay these loans) have come under financial stress. Further, recently there have also been frauds of high magnitude that have contributed to rising NPAs. The measures taken to resolve and prevent NPAs can broadly be classified into two kinds – first, regulatory means of resolving NPAs as per various laws (like the Insolvency and Bankruptcy Code, 2016), and second, remedial measures for banks prescribed and regulated by the RBI for internal restructuring of stressed assets. Some of these measures include Lok Adalat, Debt Recovery Tribunal, Strategic Debt Restructuring Scheme, etc. in which IBC code has a framework to resolve the NPA issue within a deadline of 180 days which can be extended further to 90 days only. IBC code has a time-bound framework for the resolution of stressed assets.

(a) What is NPA? How it is classify and how NPA affects banks business? **5.5**

(b) Critically comment on the factors leading to the high NPA in India. **5.5**

OR

(a) What is Twin Balance Sheet Problem in the Indian banking sector, in the light of above case? **5.5**

(b) Identify the various measures available to resolve and prevent NPAs in India. **5.5**