

**M.B.A. (Semester—III) Examination**  
**BANKING SYSTEM**  
**Paper—MBA/3102/F**

Time : Three Hours]

[Maximum Marks : 70

**Note :—**(1) Solve **all** questions.

(2) Figures to right indicate marks.

**SECTION—A**

1. (a) In the context of economic liberalisation and growing trend towards globalisation, various banking sector reforms have been introduced in India to improve the operation efficiency and upgrade the health and financial soundness of banks so that Indian banks can meet internationally accepted standards of performance.

In the light of above statement discuss banking reforms in India. 14

**OR**

- (b) A well developed and functionally diversified banking system is a vehicle to carry out structured growth of an economy. In support of this statement explain the primary, secondary and subsidiary functions of banks. 14

**SECTION—B**

2. (a) Explain problems in banking sector owing to bad loans, cyber threats and bank frauds. 7
- (b) You are working as a Branch Manager in a Nationalised Bank. A student approaches you for an education loan to study abroad. What factors you will consider as a Branch Manager to sanction the education loan ? 7

**OR**

- (c) What kind of measures can be taken by banks for non-performing asset management ? 7
- (d) Dr. Kailash wants to open his Dental Clinic. He visits a bank for loan. What kind of loan is suitable for him ? Justify your answer as a Branch Manager. 7
3. (a) Discuss the guidelines issued by RBI for agricultural credit. 7
- (b) Suppose a farmer approaches to you, as a Branch Head for Loan to install irrigation system in his farm. As a Branch Head how would you deal with this proposal and what factors will you keep in mind while sanctioning the loan amount to farmer ? 7

**OR**

- (c) Explain the various functions of Central Bank in India. 7
- (d) "Industrial Finance Act as a backbone to the industrial development". Do you agree with this statement ? Justify your answer with suitable example. 7

### SECTION—C

4. (a) Describe the objectives of Sound Credit Management System. 7
- (b) Explain the significance of risk management in commercial banking. 7

### OR

- (c) What is credit culture in bank ? Explain the significance of sound credit culture. 7
- (d) Explain the principles and practices of commercial banking in India. 7

### SECTION—D

5. The Indian economy is one of the fastest growing economies in the world. Competitiveness is must for the survival of business organisation. Changes in technology, customer preference, regulatory framework etc. causes the need of radical shift in HRM in Public Sector Banks. HRM is always treated as supportive part not in main stream of any organisation. But this psychology needs to be considered again if PSB's want to cope with the environmental changes and stand competitive.

In total Indian banking system Public Sector banks accounted for approx. 70 percent assets. But continuously decreasing profit is the major consideration for regulatory authorities. In this cut throat competition HR is the only sustainable competitive advantage. So, best utilisation, development and retention of talented workforce becomes mandatory for PSB's. IIR practices and policies should be linked to the business strategies. Hence, HR reforms is the need of the day for Indian banking sector.

#### Questions :

- (i) What changes must be made in present IIR recruitment policies to acquire candidate with right attitude and aptitude to match with competitive environment ? 3
- (ii) What criteria must be introduced to mark the performance of employees competitive under 360° appraisal method ? 4
- (iii) What are the reasons for high employee turnover in PSB's ? What measures should be taken to train, motivate, reward and empower the staff to perform their optimum capabilities. 7