

(7 pages)

Reg. No. :

Code No. : 12237 E Sub. Code : CMBE 32

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2025.

Third Semester

Banking and E-Commerce – Core

BANK MANAGEMENT

(For those who joined in July 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following is a primary function of bank management?
 - (a) Currency issuance
 - (b) Managing customer accounts and loans
 - (c) Regulating financial markets
 - (d) Enforcing monetary policy

2. Which was the first bank established in India?
 - (a) Bank of Hindustan
 - (b) State Bank of India
 - (c) Punjab National Bank
 - (d) Imperial Bank of India
3. What is the primary goal of liquidity management in a bank?
 - (a) Maximizing long-term investments
 - (b) Ensuring the bank can meet its short-term obligations
 - (c) Reducing interest rates on loans
 - (d) Increasing the bank's customer base
4. Which of the following assets is typically considered the most liquid for a bank?
 - (a) Long-term government bonds
 - (b) Real estate holdings
 - (c) Cash and cash equivalents
 - (d) Corporate bonds

5. The Capital Adequacy Ratio (CAR) is calculated as:
- (a) Total assets / Total liabilities
 - (b) Tier 1 and Tier 2 capital / Risk-weighted assets
 - (c) Net income / Shareholder equity
 - (d) Total loans / Total deposits
6. The "leverage ratio" introduced under Basel III is designed to:
- (a) Measure the profitability of the bank
 - (b) Limit the amount of debt a bank can take on relative to its equity
 - (c) Assess the bank's operational efficiency
 - (d) Evaluate the bank's liquidity position
7. What is the primary objective of credit management in a bank?
- (a) Maximizing bank deposits
 - (b) Ensuring timely repayment of loans and minimizing default risk
 - (c) Increasing the bank's market share
 - (d) Promoting digital banking services

8. What is the purpose of credit scoring in the loan approval process?
- (a) To assess the profitability of the bank
 - (b) To monitor the bank's liquidity position
 - (c) To calculate the interest rate on a loan
 - (d) To determine the eligibility of a borrower based on their creditworthiness
9. What is the primary objective of Asset-Liability Management (ALM) in banks?
- (a) To maximize shareholder returns
 - (b) To balance a bank's assets and liabilities to manage risk
 - (c) To increase loan disbursements
 - (d) To enhance customer service quality
10. Which of the following is a primary cause of NPAs in banks?
- (a) Rising interest rates
 - (b) Economic downturns
 - (c) Strong credit policies
 - (d) Increased customer deposits

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Distinguish scheduled bank and non-scheduled bank.
Or
(b) Discuss about recommendations of Narasimhan Committee.
12. (a) What is the difference between liquidity and solvency in banking?
Or
(b) Explain the problems of resource allocation in Indian Commercial Bank.
13. (a) How does the leverage ratio differ from the capital adequacy ratio?
Or
(b) What is the minimum capital adequacy ratio required under Basel III?
14. (a) What role does the credit risk department play in a bank?
Or
(b) What is the difference between secured and unsecured loans?

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15. (a) Explain the purpose of the gap analysis method in ALM.

Or

- (b) Explain suggestions and steps for containing NPAs.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 600 words.

16. (a) Discuss strengths and weaknesses of Indian Commercial Bank.
Or
(b) Explain banking sector reforms.
17. (a) Discuss the importance of liquidity management in banks and the potential risks associated with poor liquidity management.
Or
(b) Discuss the sources of liquidity.
18. (a) Discuss the importance of capital adequacy in maintaining the stability and solvency of banks.
Or
(b) What are the challenges faced by banks in meeting Basel III capital adequacy requirements?

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19. (a) Discuss the importance of credit management in banking and its impact on a bank's financial health.

Or

- (b) Analyze the strategies used by banks to manage and mitigate credit risk in their loan portfolios.
20. (a) How do regulatory requirements, such as Basel III, influence a bank's Asset Liability Management practices?

Or

- (b) Elucidate the role of the Asset-Liability Committee (ALCO) in the ALM process and its impact on a bank's risk management strategy.
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