

**K J SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**  
**VIDYA NAGARI, VIDYA VIHAR, MUMBAI – 400 077.**  
**PGDM (Financial Services) Trimester III. Batch: 2016-18**  
**Commercial Banking**  
(End Term Examination)

**Max. Marks: 50**

**Duration: 3 Hrs.**

**Instructions**

1<sup>st</sup> April, 2017

- (1) Question **No.1 is compulsory** which is of 14 marks.
- (2) Attempt any **THREE** from the rest, each of 12 marks.
- (3) Answer each new question on a fresh page.
- (4) Write all sub question of a main question together.
- (5) Don't write extra answers. Only first four will be assessed.
- (6) If these instructions are ignored, appropriate marks will be reduced.

Q.1 (a) What is liquidity risk in a bank and why it arises?

(b) How banks are managing their long term and short term liquidity risk?

Q.2 (a) What is the relationship between capital requirements by Indian banks and their loan book?

(b) What are the RBI guidelines with respect to ensuring this relationship?

Q.3 (a) Explain the typical loan appraisal process by Indian banks.

(b) While deciding loan pricing, how the banks estimates risk premium?

Q.4 (a) Write four main objectives of SLR in Indian banking sector.

(b) What are the problems of priority sector advances in Indian banking sector?

Q.5 Write a note on **ANY TWO** of the following

(a) Cooperative banks in India.

(b) Maturity gap method of interest risk management.

(c) Cash Credit Account.

(d) Performance guarantee.

Q.6 (a) Elaborate with specific reasons two major problems Indian banking sector is facing today.

(b) What are your suggestions to reduce these problems?

End of the paper