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industrial raw materials, and logistics costs continue to impinge adversely on cost conditions for manufacturing and services.

- (i) Evaluate how RBI promotes growth process of the country ?
- (ii) Why does RBI fix the inflation target ?
- (iii) Explain how increasing crude oil prices are matter of concern ?

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**MBA-303(F2)**

**MASTER OF BUSINESS**

**ADMINISTRATION**

**(THIRD SEMESTER)**

**END SEMESTER**

**EXAMINATION, Jan., 2023**

**MANAGING BANKS AND FINANCIAL  
INSTITUTIONS**

**Time : Three Hours**

**Maximum Marks : 100**

**Note :** (i) This question paper contains two sections. A and B.

(ii) Both sections are compulsory.

(iii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A. Each question carries 10 marks.

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- (iv) Section B consist of case study which is compulsory. Section B carries 20 marks.

**Section—A**

1. (a) Define monetary policy and discuss the various tools of credit control. (CO1)
- (b) Explain the main functions of a central bank. (CO1)
- (c) Discuss the role of banking sector in economic growth. (CO1)
2. (a) Examine the different deposit product services of the banks. (CO2)
- (b) Determine the various activities under investment banking in detail. (CO2)
- (c) Explore the legal, ethical and governance issues in investment banking settings. (CO2)
3. (a) Explain the different risks posed to banks by financial derivative instruments. (CO3)

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- (b) Identify the various Know your Customer [KYC] guidelines in detail. (CO3)
- (c) Explain the reasons behind the rise of Non-Performing Assets in India. Identify the measures to control Non-Performing Assets (NPA) by the Government of India and RBI. (CO3)
4. (a) Evaluate any *two* facilities under Anywhere banking and justify the importance of RTGS information technology. (CO4)
- (b) Discuss the recent trends and developments in banking technology. (CO4)
- (c) The Reserve Bank of India (RBI) started a pilot program of its digital currency for individual users on December 1, 2022. Four domestic banks—the State Bank of India, ICICI Bank, Yes Bank and IDFC—will participate in the pilot in the cities of

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Mumbai, New Delhi, Bengaluru and Bhubaneswar, the central bank said, adding that more banks and cities would be included later. The trial will stress test the process of creating and distributing a central bank digital currency, or CBDC, and its use in retail in real time, according to the RBI. It said that the e-rupee would be of the same value size as individual banknotes and coins and would be distributed by banks. (CO4)

- (i) Evaluate the advantages of digital currency over paper currency ?
- (ii) Estimate how digital currency different from crypto currency ?

5. Case Study : (20 Marks) (CO5)

The Reserve Bank of India raised inflation forecasts on the back of higher oil and other raw materials while it maintained the growth forecast at 9.5% for FY22 despite anaemic

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investment demand. Governor Shaktikanta Das said inflation measured by the consumer price index (CPI) might remain close to the upper tolerance band of 6% up to September expecting easing of pressure thereafter on kharif harvest arrivals.

[RBI has fixed inflation rate target in between 2%-6%.]

The central bank projected CPI at 5.7% for FY22 compared to its earlier projection of 5.1%. "The supply-side drivers could be transitory while demand-pull pressures remain inert, given the slack in the economy. A pre-emptive monetary policy response at this stage may kill the nascent and hesitant recovery that is trying to secure a foothold in extremely difficult conditions," Das said.

Crude oil prices are volatile with implications for imported cost pressures on inflation, RBI said. "The combination of elevated prices of

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