

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**PGDM/PGDM (General) -2021-23**  
**END TERM EXAMINATION (TERM -IV)**  
**Academic Session: 2022-23**

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Subject Name: **Management of Banking & Financial Services**  
Sub. Code- **PGF-03**

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Time: **02.30 hrs**  
Max Marks: **40**

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**Note:**

**All questions are compulsory. Section A carries 5 marks: 5 questions of 1 mark each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.**

**SECTION - A**

Attempt all questions. All questions are compulsory.

**1×5 = 05 Marks**

**Q. 1 (A):** How a bank can reduce liquidity risk?

**Q. 1 (B):** How Net Interest Margin impact the profitability of a bank?

**Q. 1 (C):** Mohan's annual salary is Rs 8 lakh. His age is 25 years. Which type of fund would be suitable for him? Explain.

**Q. 1 (D):** What is the most common source of funds for a bank?

**Q. 1 (E):** Why mutual funds are attractive to small investors?

**SECTION - B**

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

**07 x 3 = 21 Marks**

**Q. 2: (A).** How Closed Ended funds are different from Open Ended Mutual Funds? Which one is better for small investors?

**Or**

**Q. 2: (B).** Unit-linked insurance plans (ULIPs) is a better investment for investors than equity-linked Saving schemes (ELSS)? Do you agree?

**Q. 3: (A).** If a bank has more rate sensitive liabilities than rate sensitivity assets, what will happen to its net interest margin (NIM) during a period of rising interest rate? Also comment on NIM when the interest rates decline.

**Or**

**Q. 3: (B).** Analyze CAMELS model to evaluate the performance of ICICI banks.

**Q. 4: (A).** Which product is better for Young Individuals- Endowment Insurance or Term Insurance plan? Discuss

**Or**

**Q. 4: (B).** How does Bancassurance and Reinsurance help insurance companies?

**SECTION - C**

Read the case and answer the questions

**07×02 = 14 Marks**

Q. 5: Case Study:

ICICI bank offers following fund-based facilities

<b>Facility</b>	<b>Recourse Factoring</b>	<b>Non-recourse</b>
Discount Charges (upfront)	14% per annum	14% per annum
Reserves	20%	20%
Commission (Upfront)	1.2%	3%

The finance manager of Triluxo Technologies has recently approached ICICI bank for factoring the receivables. After careful analysis of Triluxo Technologies, the VP (operation) of ICICI bank agrees for a guaranteed payment period of 60 days.

He provides you with following additional information.

1. The firm sells on term 3/10 net 60. On an average 30% of the customers pay on the tenth day and avail the discount; the remaining customers pay, on an average, 90 days after the invoice date.
2. The bad debts losses amount to **1%** of the sales turnover.
3. The sales executives are responsible for following up collection and they, on an average spend **15%** of their time in collection process. A subjective assessment is that the firm can increase the annual sales by Rs 20 **lakh** if sales executive is relieved from collection responsibilities. The gross margin on sale is 20%. And the projected turnover of the following year is 240 lakhs (without considering the increase of 20 lakh).
4. By hiving sales ledger administration and credit monitoring, the firm can save admin overhead to the tune of Rs 1.5 lakh per annum.
5. As of now the company was financing its investment in receivables through a mix of bank finance and long-term finance in the ratio of **2:1**. The effective rate of interest on bank is **16% p.a.** and the cost of long-term fund is around 20% p.a. (pre-tax)

**Questions:**

**Q. 5: (A).** Provide Cost benefit analysis of Factoring and In-house Management of Receivables

**Q. 5: (B).** Suggest which factoring service (Recourse or Non-recourse) company should use? And Why?

**Mapping of Questions with Course Outcome**

<b>Question Number</b>	<b>COs</b>	<b>Bloom's taxonomy level</b>	<b>Marks Allocated</b>
Q. 1:	<b>CO-1</b>	<b>L-2</b>	<b>5 marks</b>
Q. 2:	<b>CO-3</b>	<b>L-3</b>	<b>7 marks</b>
Q. 3:	<b>CO-2</b>	<b>L-4</b>	<b>7 marks</b>
Q. 4:	<b>CO-3</b>	<b>L-5</b>	<b>7 marks</b>
Q. 5:	<b>CO-4</b>	<b>L-5</b>	<b>14 marks</b>