

consisting of loans to local industries and small and medium business. On the other hand, the public sector banks developed swiftly through branch expansion, recruitment, deposit mobilization and priority sector lending as per the various policy pronouncements by the government. But, in the process, efficiency of operations that was the brand of private banking, took a back seat. Correspondingly, their quality of service to the customer left a lot to be desired mainly because of a sense of contentment arising out of absence of responsibility and reach of detrimental trade unionism amid the rank and file of the banking industry. The winds of transformation ushering in an age of liberalisation of the economy, which had its unavoidable brunt on the banking sector was witnessed during the onset of '90's.

Questions :

- (a) What are the features of private banks?
- (b) What is the importance of technology in their operations?
- (c) What are the problems in private banks face?

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Third Semester

Finance

Paper XII — INDIAN FINANCIAL SYSTEM

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. State the structure of Indian financial system.
2. What are the features of co-operative banks?
3. What are the defects of NBFC's?
4. Mention the objectives of regional rural banks.
5. State the SEBI directives for mutual fund.
6. What are the obligations of merchant bankers?
7. Describe the significance of foreign investments.
8. What are the functions of finance commission?

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. Explain the techniques of RBI for monetary control.
10. Describe the structure and functions of NABARD.
11. Discuss the functions of non-banking financial companies in India.
12. Explain about the various assistance provided by merchant bankers.
13. Describe the recent development in Indian mutual fund industry.
14. Explain the functions of SEBI.
15. Discuss any two types of leasing companies.
16. Explain the major off-balance sheet exposures of commercial banks.

PART C — (1 × 20 = 20 marks)

Case Study — Compulsory.

17. The Indian banking set-up has moved a long way from the time when a bank was a meager deposit taking and money-lending institution covered in conservation and managed by persons whose only

objective was maximum profits, with minimum risks. Extending a helping hand during good times and quickly moving back when needed was the general perception of the customers regarding bankers in the past. Therefore, a banker came to be recognized as a friend during good times and it was this picture that was first and foremost required to be removed when, in the post-Independence era, the government set about the mission of introducing reforms in this sector that would make banks a medium for socio-economic growth in tune with national priorities.

Accordingly, it was determined that the government would have a bank of its own together with the banks under private management to gather resources and deploy them for productive purposes. Subsequently, the Government originally introduced social control on banks and eventually nationalization in 1969 to achieve the powerful heights of the economy which, in turn, would lead to an extensive branch network and ultimate upliftment of the rural poor through directed lending as the role of the public sector became more and more prominent over the successive five year plans. The private sector banks had no alternative but to focus their operations in selected regions. Where they met the definite needs of their clients because of the national priorities in the pre-reform days, which gave them the benefit of building up an asset base