VPM's
DR VN BRIMS, Thane
Programme: PGDM (2014-16) Fourth Batch
Second Semester Examination December 2014

Subject	Creativity & Innovation		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	24-12-2014

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory) Case: Banking Industry in India

Background

While the history of banking in India can be traced back several centuries, banking in the modern sense of the word actually began towards the end of the 1700s.

The Bank of Hindustan, set up in 1770, by the British rulers in India was the earliest bank in the country. Over the years, the British set up several other banks, notable among which were the three Presidency Banks in the Presidencies of Bengal (in 1809),Bombay (in 1840) and Madras (in 1843).

These three banks were very powerful in their respective Presidencies and functioned as quasi-central banks, having even the power to issue currency notes.

Joint stock banking companies with limited liability began to make their appearance in the early-1860s. Allahabad Bank Ltd. was the first joint stock bank established in India. The Swadeshi Movement in the early-1900s provided an impetus to the setting up of banks owned by Indians. In 1920, the British government in India passed the Imperial Bank of India Act and amalgamated the three Presidency banks.

After India became independent from British rule in 1947, the newly formed government of the country passed the Banking Regulations Act, 1949, laying down the guidelines for the operation of commercial banks in the country.

This regulation brought RBI under government control (under the RBI Act, 1934, RBI not having any government ownership.)

RBI was also made the supervisory and regulatory authority of the banking sector. In 1955, the Imperial Bank was converted into the State Bank of India (SBI), through the passing of the State Bank of India Act, 1955.

In 1959, SBI took over control of eight private banks floated in the erstwhile princely states, making them 100% subsidiaries. In 1969, the government of India (GoI) undertook a bank nationalization program with the objective of streamlining the banking operations in the country and strengthening the sector through government support.

Innovations in Banking in India

Over the years, the banking sector in India has seen a number of changes. Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers, and consequently, the banks.

In the 1990s, the banking sector in India saw greater emphasis being placed on technology and innovation. Banks began to use technology to provide better quality of services at greater speed. Internet banking and mobile banking made it convenient for customers to do their banking from geographically diverse places. Banks also sharpened their focus on rural markets and introduced a variety of services geared to the special needs of their rural customers.

Banking activities also transcended their traditional scope and new concepts like personal banking, retailing and bank assurance were introduced.

The sector was also moving rapidly towards universal banking and electronic transactions, which were expected to change the way banking would be perceived in the future.

Breakthrough Funds Transfer

In May 2004, the curtain was finally lifted on the much discussed Real Time Gross Settlement (RTGS) system, which many analysts considered, would revolutionize funds transfer in the Indian banking sector.

RTGS is an electronic funds transfer system designed to allow the real time settlement of inter bank payments in a fully secure environment.

It enables companies to transfer outstanding funds between banks in real time, thus allowing them to settle payments instantaneously and manage their working capital better. It is also expected to save significant amounts of money in interest payments on floating funds lying in banks.

The first RTGS transaction took place when Standard Chartered Bank (SCB) executed a deal for Hindustan Lever Ltd (HLL) with State Bank of India (SBI) being the receiving bank. The amount transferred to SBI was Rs 100 million. Several commercial banks in India had been involved in the phased implementation of RTGS for several preceding months.

Some of the early adopters of RTGS were SCB, SBI, Housing Development Finance Corporation (HDFC) and Saraswat Bank. IndusInd Bank was also close to implementing the system.

Commenting on the implementation of RTGS, a senior official at the Reserve Bank of India (RBI) said, "We have achieved a very significant landmark in migrating high value funds transfer from paper-based system to electronic based payment system"

RTGS was the latest in the line of payment delivery systems that have been implemented in the Indian banking sector since the 1990s.

Some of the systems implemented earlier included the electronic clearing service (1995), electronic funds transfer (EFT) facility (1997) and special electronic funds transfer system (2003). Changes in the Indian banking sector in the late 1990s and early 2000s, created high value for customers as well as the banks involved.

Questions:

1. What was the need for innovations in banking?
2. How did technology play a role in increasing the convenience of customers and improving banking operations?

Attempt Any FOUR from the Remaining SIX Questions

Q2) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Define creativity and ways to improve creativity
b. Need for creativity
c. Elements of creativity

Q3) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Personality traits of creative people
b. Factors of creative efficiency
c. Convergent thinking

Q4) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Distinguish between creativity and innovation
b. Disruptive innovation
c. Creativity killers

Q5) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Stages in creative process
b. Strategies for innovation at work
c. Innovation process and its criteria for effectiveness

Q6) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Conventional thinking
b. Critical factors of lateral thinking
c. Measuring creativity

Q7) ***Any two from (a) or (b) or (c) ———— (5x2) = 10 Marks***

a. Extrinsic motivation
b. Six Hat Thinking
c. Creativity techniques