

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: PGDM (2016-18) (Finance)**  
**PGDM Trimester V Examination December 2017**

<b>Subject</b>	<b>Fundamentals of Banking</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>7</b>	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>1</b>	<b>Date</b>	<b>22.12.2017</b>

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

**Q1) 20 Marks (Compulsory)**

- What are the different Primary & Secondary Functions performed by Banks?
- Also, explain the difference between Fund-based products and Non-Fund based products, giving examples of each of them.

**Attempt Any FOUR from the Remaining SIX Questions**

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

- a) What is the difference between Bank Guarantee and Letter of Credit?
- b) What is the difference between Letter of Credit and Stand-by Letter of Credit?
- c) Identify a practical example in real life, where these products are used:
  - i. Letter of Credit
  - ii. Stand-by Letter of Credit
  - iii. Bank Guarantee

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

- a) Explain the term “Securitization”, and highlight few areas where it is used in practical life.
- b) What is the role of Asset Reconstruction Companies (ARC’s) in India? Can you name some of them?
- c) Explain what do you mean by “Basel Norms” and how are they relevant in the Indian Banking system

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

- a) What do you mean by “Trade Finance”
- b) What is the difference between the following credit facilities:
  - i. Term Loan,
  - ii. Project Loan and
  - iii. Working Capital
- c) What are the different documents required in a typical Loan Proposal. Highlight differences in documentation (if any) for each of the credit facilities (as mentioned in point b above)

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

Explain differences between these terms (also cover the pros & cons in each of these):

- a) Consortium Banking v/s. Multiple Banking
- b) Primary Security V/s. Collateral Security
- c) First charge v/s Second charge

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

Explain differences between these terms (also cover the pros & cons in each of these):

- a) Simple Mortgage v/s. Registered Mortgage
- b) Corporate Guarantee V/s. Personal Guarantee
- c) Simple charge v/s Second charge

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

- a) What do you mean by the term “Cross Selling” in Banking?
- b) Highlight the benefits of Cross Selling – to Customers as well as Banks
- c) Highlight the Issues / Challenges of Cross Selling