

MS-422

MANAGEMENT PROGRAMME

(Banking and Finance)

Term-End Examination

December, 2006

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note :

- (i) Attempt any **five** questions.
- (ii) All questions carry equal marks.

1. Describe the role of 'Financial Analysis' in Financial Management. Explain the different techniques of financial analysis of an organisation.
2. Why do the banks borrow funds, besides accepting deposits ? Discuss in detail the various sources from where banks can borrow funds within India.

3. Why is Cost of Funds important for banks ? Discuss the important ratios used in assessing Cost of Funds of Commercial Banks.
4. Discuss the salient features of the following :
 - (a) Commercial Papers
 - (b) Money Market Mutual Funds
5. (a) Describe Foreign Exchange Rates system in India.
(b) "The Foreign Exchange rate in the market is the result of the combined effect of multiple factors which are constantly at play." Identify and discuss these factors in brief.
6. What is operational risk ? Why is it significant for a bank ? Discuss the methodologies for measurement of operational risks.
7. (a) Analyse the reasons responsible for a number of mergers in the Banking Sector in India during recent years.
(b) Discuss the core principles to be incorporated in the future restructuring strategies of weak banks, as suggested by Verma Group.

8. Write short notes on any **four** of the following :

- (a) Dupont Model of Financial Analysis
- (b) Tier-II Capital
- (c) Investment Fluctuation Reserve Account
- (d) Market risk
- (e) Objectives of pricing of bank products