

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER - IV – EXAMINATION – WINTER 2021

Subject Code:4549292**Date: 28/12/2021****Subject Name: Banking****Time:10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.		Marks
Q.1	Explain the following terms (a) Merchant Banking (b) Remittance (c) Plastic money (d) SARFAESI (e) Lease finance (f) DRT (g) Clearing House	14
Q.2	(a) Which are the major provisions of IBC in India	07
	(b) Explain the difference between the internet services provided to retail customer and corporate customers	07
	OR	
	(b) Which are the drivers of retail banking in India ?	07
Q.3	(a) Explain in detail principal of sound lending with suitable examples.	07
	(b) Which are different types of advances available in Indian banking system with their usage.	07
	OR	
Q.3	(a) Which are the different modes of charging securities by the banks	07
	(b) Define customer and explain in detail banker customer relationship	07
Q.4	(a) Explain the term EFT and its types	07
	(b) Describe the delivery model of Microfinance India	07
	OR	
Q.4	(a) Which are the products and services delivered under the umbrella of microfinance ?	07
	(b) Explain in detail digital financial services and latest FinTech product available in market with their usage.	07

Q.5

CASE STUDY:

Scam in Indian banking industry

According to RBI, Fraud is defined as, “A deliberate act of omission or commission by any person, carried out in the course of banking transactions or in the books of accounts maintained manually or computerized system in banks, resulting into wrongful gain to any person for a temporary period otherwise, with or without any monetary loss to the bank.

An efficient and good banking system is the requirement for the proper functioning of economy. The banking industry since it has begun to grow rapidly is also facing many challenges because of it. Recent frauds have shown that the bank is vulnerable to many risk including fraud, scam etc., banking fraud is a criminal act. At a time when bank’s objective is recapitalization, scams are big problem for banking industry in general. A default of 12700 crore was found in PNB. Nirav Modi is an Indian diamond merchant, who is the owner of Gitanjali gem and Firestar. Nirav Modi wanted to import diamonds, so he had required money and, therefore, had requested to PNB for loan. But PNB put a clause that it will give you the loan but charge 10% interest. Nirav thought hard and said, no that is too much. Then, Nirav Modi decided to take loan from overseas bank because the interest rate of overseas bank was very low, the rate of interest was only LIBOR+2, and LIBOER was like 1.5%. PNB gave LOU (letter of undertaking) to Nirav Modi and his company without following proper procedure and without recording transaction in core banking transaction. A LOU (letter of undertaking is a guarantee by issuing bank to the receiving bank and the company that would commit to pay a certain sum of money on a specific date.

PNB claimed that Nirav Modi and his company got a loan worth 1.77 billion through a false bank guarantee. In this way Nirav got a loan from the foreign branch of Indian bank. In order to avoid detection, they bypassed the lender’s internal message system.

- (a) Explain the stages of money laundering from the above case study. **07**
- (b) What are the damages caused by the money laundering to the society and financial institute? **07**

OR

- Q.5** (a) Which are the steps should be taken by the regulators to control money laundering **07**
- (b) NPA is arising due to money laundering what are the steps a bank should take to control NPA **07**
