

**MANAGEMENT PROGRAMME
(BANKING AND FINANCE) (MPB)**

Term-End Examination

June, 2025

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

Note : Answer any *five* questions. All questions carry equal marks.

1. What are Primary Markets ? How does it channelise the savings from surplus units to deficit units ? List the various instruments used in this market and discuss their basic characteristics.
2. What is meant by 'Capital Adequacy Ratio' ? Discuss its significance and describe the different elements that comprise Tier I and Tier II capital of Indian banks.
3. What do you understand by cost of funds for banks ? Discuss the factors affecting cost of

funds. Explain the Liquidity Adjustment Facility (LAF) and assess its utility as a short-term source of funds.

4. Explain the following :
 - (i) Inter-Bank Participation Certificate
 - (ii) Commercial Paper
5. Why do prices of treasuries fluctuate ? How is bond price volatility measured ?
6. What are the various categories of risks inherent in banking operations ? Discuss the process of risk management and list the requirements for an effective risk management system.
7. What is Operational Risk ? Explain the various methodologies used for measurement of operational risk.
8. Explain the pricing issue in the concept of banking industry. Describe the objectives of pricing and discuss pricing strategies for banking products and services.

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