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14MBAFM306

Third Semester MBA Degree Examination, Dec.2016/Jan.2017
Strategic Credit Management

Time: 3 hrs.

Max. Marks:100

SECTION – A

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 What is strategic credit management in banks? (03 Marks)
- 2 What are the three facets of overall credit policy? (03 Marks)
- 3 Differentiate between fixed rates and floating rates. (03 Marks)
- 4 What do you mean by 'security' in credit management? (03 Marks)
- 5 What is retail lending? Give examples. (03 Marks)
- 6 What is loan syndication? (03 Marks)
- 7 What do you mean by non-performing assets? (NPA). (03 Marks)

SECTION – B

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 What are the principles of sound lending? (07 Marks)
- 2 Briefly explain the fund-based facilities provided by banks. (07 Marks)
- 3 How can the borrowers of consumer loan be evaluated? (07 Marks)
- 4 What are the characteristics of a good security? (07 Marks)
- 5 What are the characteristics of crop loans? (07 Marks)
- 6 Using the following projected balance sheet calculate MPBF under Tondon committee method I and II. (07 Marks)

<u>Liability</u>	<u>Amount</u>	<u>Assets</u>	<u>Amount (Rs. in lakhs)</u>
Net worth	800	Fixed assets	668
Term loan	400	Non – current assets	80
Current liability (other than bank finance)	600	Current assets	1800
Bank borrowing (projected)	748		
	<u>2548</u>		<u>2548</u>

What is your observation in the above cases?

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.



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- 7 Write a note on 'Lok-Adalats' as a tool to speed up recovery of loans. (07 Marks)

SECTION – C

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 What are prudential norms? Describe the areas identified for application of prudential norms. (10 Marks)
- 2 Discuss the causes of sickness in industries. (10 Marks)
- 3 Briefly explain the components of project appraisal. (10 Marks)
- 4 Describe the loan schemes available for farmers/agriculturist for rural development. (10 Marks)
- 5 What is mortgage? What are the different types of mortgage? (10 Marks)
- 6 Briefly describe the types of borrowers. (10 Marks)
- 7 The financial position of X Ltd. as on 1-4-2014 and 31-3-2015 was as follows:

Liabilities	1-4-2014	31-3-2015
Capital and reserve	2,96,000	2,98,000
Loan from bank	60,000	50,000
Loan from associate firm	0	40,000
Current liabilities	72,000	82,000
	<u>4,28,000</u>	<u>4,70,000</u>
Assets		
Fixed assets: Land	40,000	60,000
Building	1,00,000	1,10,000
P&M	1,60,000	1,72,000
Current assets: Stock	50,000	44,000
Debtors	70,000	76,800
Cash	8000	7200
	<u>4,28,000</u>	<u>4,70,000</u>

Notes: During the year Rs.52,000 was paid as divided provision for depreciation against P&M as on 1-4-2014 was Rs.54,000 and on 31-3-2015 was Rs.72000. Considering the above prepare cash flow statement for the year ended 31-3-2015. (10 Marks)

SECTION – D

(Compulsory)

- 8 a. What is 'Document' and 'Documentation'?
- b. What are the objectives (purpose) of documentation?
- c. Briefly explain the process (stepwise treatment to) of documentation.
- d. List out any five 'facility documents'. (20 Marks)

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