



ST. FRANCIS DE SALES COLLEGE

A FRANSALIAN INSTITUTE OF HIGHER EDUCATION **AUTONOMOUS**

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END SEMESTER EXAMINATION – AUGUST 2025

COOMMERCE -II SEMESTER M.COM

24MCO21 – MODERN INDIAN BANKING

Time: 3 Hours

Max. Marks: 70

Instruction: Answer should be written completely in English

SECTION – A

1. Answer any **SEVEN** questions. **Each** question carries **TWO** marks. (7X2=14)

- What is lead bank?
- What is Presidency bank?
- What do you mean by self-regulations?
- Define investor regulations.
- What do you mean by DRT?
- Give the meaning of electronic clearing system.
- What is capital measure?
- State any two objectives of Basel III
- What is currency risk?
- Give the meaning of Nonperforming Assets.

SECTION – B

Answer any **FOUR** questions. **Each** question carries **FIVE** marks. (4X5=20)

- Explain about Regional Rural Banks.
- Narrate the need and importance of the SARFAESI Act 2002.
- Discuss briefly the organisational structure of RBI.
- Explain the measures to overcome NPA.
- Explain the objectives and challenges of BASEL norms.
- Write about ALM Strategies.

SECTION – C

Answer any **TWO** questions. **Each** question carries **TWELVE** marks. (2X12=24)

- Explain the primary and secondary functions of commercial banks.
- Explain the role of RBI in controlling money supply in the economy.
- Explain the about BASEL: I, BASEL: II, BASELIII.



11. Explain the impact of Non-performing Assets

SECTION – D

12. **Compulsory** skill-based question on case study.

(1x12=12)

In early 2018, Punjab National Bank (PNB), one of India's largest public sector banks, reported a massive banking fraud amounting to over ₹13,000 crore, allegedly orchestrated by diamond merchant Nirav Modi and his associates. It is one of the largest banking frauds in Indian history.

The modus operandi given as follows:

Nirav Modi and his uncle Mehul Choksi obtained unauthorized Letters of Undertaking (LoUs) from PNB's Brady House branch in Mumbai. These LoUs were used to get foreign credit from other Indian banks' overseas branches without proper collateral or authorization. The fraud went undetected for several years due to collusion with bank officials, lack of core banking integration, and poor internal controls.

The Impact of the above-mentioned transactions are given below:

- i. The fraudulent Letter of Undertakings (LoUs) were not recorded in PNB's core banking system.
- ii. When PNB refused to honour them, the fraud came to light, affecting the bank's financial health and public trust.
- iii. The scam significantly increased PNB's NPAs, contributing to its worsening asset quality and loss of market value.

Questions (6 Marks Each):

- a) How did the Nirav Modi fraud contribute to the rise of NPAs in Punjab National Bank, and what were the key failures in internal control?
- b) Suggest and explain three strategic steps PNB can take to reduce its NPAs and prevent similar frauds in the future.

