**Course: Commercial Banking System & Role of RBI Sep 2020**

**1. Cash Reserve Ratio plays an Important role in the economy and RBI plays an important role in monitoring inflation through CRR. Discuss how RBI perform this critical function using CRR as an instrument.**

**Answer 1- Introduction:**Cash Reserve Ratio (CRR) is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank. CRR is a crucial monetary policy tool and is used for controlling money supply in an economy.

**Concept and Applications:** The reserve ratio is an important tool of the monetary policy of an economy and plays an essential role in regulating the money supply. When the central bank wants to increase money supply in the economy, it lowers the reserve ratio.

So CRR is the

**2. In 2016, ICICI Bank, India’s largest private sector bank, announced that it has successfully executed transactions in international trade finance and remittance using blockchain technology in partnership with Emirates NBD, a leading banking group in the Middle East. The bank plans to use blockchain technology to make banking more robust for customers as blockchain technology provides lower cost and scalability. Highlight what is blockchain and how it is helping the banking industry?**

**Answer 2- Introduction:** In 2016, ICICI Bank, India’s largest private sector bank, announced that it has successfully executed transactions in international trade finance and remittance using blockchain technology in partnership with Emirates NBD, a leading banking group in the Middle East. The bank plans to use blockchain technology to make banking more robust for customers as blockchain technology provides Its sample only

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**3. Assume you are working as an assistant manager in a reputed XYZ Pvt bank. In recent years Non-Performing Asset is giving a deleterious impact on the return on asset. As a bank manager bank, discuss a. The factors contributing to high level of NPAs in the Indian Banks**

**b. The measures you will take to overcome this alarming issue.**

Answer **3(a)-Introduction:** A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days. Description: Banks are required to classify NPAs further into Substandard, Doubtful and Loss assets.

**Concept and Applications:**The NPAs in Indian commercial banks are growing due to external as well as internal factors. The major external factors which lead to increase/rise in NPAs and non-controllable by Banks are,