**Commercial Banking System**

# June 2022 Examination

**Q1. Banking in India has undergone systematic changes over last 5 decades permitting starting from nationalization in 1969 of 14 private sector banks again to privatization of banks in 1990s. In year 2014 small Payment Banks were set up for financial inclusion and spreading it in different nooks & corners of the country to again a diametrically opposite step of mergers and consolidation of many weak public sector banks with a few large banks in 2018/19. What are the reasons for such changes? (10 Marks)**

# Ans 1.

## Introduction

Throughout living in a fast global, mergers and acquisitions are a strategy employed by organizations to enlarge their operations, make bigger into new markets, and conquer economic difficulties. In the current enterprise, the technique of merger or acquisition must have taken on a significant role. In recent years, the mergers and acquisitions patterns in India have shifted. Consolidations have had a wide variety of repercussions across the economic system. Banking is the inspiration of the economy. The plurality of Indian banking is government-owned, at the Its Half solved only

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**Q2. Why banks are focusing on fund based lending to non-fund based lending? Explain different types of fund based and non-fund based lending activities. (10 Marks)**

# Ans 2.

## Introduction

Bank applications are a heartwarming business project. Banks have long adhered to the six basic lending standards. These are standards of safety, transparency, competitiveness, helpfulness, investment chance, and warranty. Every company has its internal regulations that make confident that the simple borrowing ideas are adhered to, although logo names range. Asset merchandise is available globally in any respect to banks. Fund-based or non-funded funding sports are available. As the name implies, the funding foundation credit score products complex

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**Q3. Non-Performing Assets (NPAs) in the Banking sector has become the subject of much discussion and scrutiny. The banks capacity to lend has been severely affected by mounting NPAs, net worth of many banks have eroded and a number of banks have reported huge losses. In recent years many rules and regulations have come from RBI, Government, IMF, BASEL recommendations, etc to keep a tab on stressed assets and timely resolution.**

**In light of above statements:**

**a. Write the major reasons for increase on NPAs since last 10 years (5 Marks)**

# Ans 3a.

## Introduction

A Non-performing Asset is a designation for loans on monetary establishments' information that can be in default or are in the back of planned bills of fundamental or interest. While loan payments have not been made for 90 days, the debt appears non-performing. Non-acting assets

**b. According to you what would be the mitigating factors/solutions for NPA management. (5 Marks)**

**Ans 3b.**

**Introduction**

Banks in India have been empowered using regulatory companies that have introduced mechanisms to find folks who do not pay and accumulate loans, including the Sarfaesi Act 2002, Lok Adalats, and the Debt recovery Courts