**Treasury Management in Banking**

**April 2023 Examination**

**Q1. Traditionally, only Central Banks or larger Banks had the strength of providing Treasury products & services. Now even smaller banks & large Corporates are into it in a strong way. Enumerate and describe at least 5 purposes for which a Banks/Corporate Treasury exists (10 Marks)**

**Ans 1.**

**Introduction**

Banks' treasury function turned into confined to financial control to hold the required cash to fulfill the requirements to offer the funds generated in the operations and to provide the source of the price range had to fill the cash flows and conditions inside the banks or company. In phrases of banks, it's the responsibility of the Treasury to fulfill the daily necessities to hold minimum cash balances with the Reserve bank of India to keep CRR or cash reserve ratio and to invest the budget in accepted securities equivalent to the specified SLR

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**Q2. The organization structure of a Bank’s/Corporate Treasury unit involves designing of its operations across Front office, Mid-office, and Back office. Describe each of these three Businesses in terms of its nature, purpose / objectives, and the skills / qualifications of the people employed in these three important Businesses of the Banks/Corporate. (10 Marks)**

**Ans 2.**

**Introduction**

A bank's market department, also called its Treasury, is a division of its wholesale banking business. It is a specialized place that meets company and institutional customers' threat and investment coverage needs. The retail banking branch helps character customers and receives help from the marketplace to design and manage items and related risks.

Treasury departments have permanently changed since the financial crisis in 2007. Regulation has been crucial in changing banking organizations' standards and the marketplace. Policies were

**Q3. “A prudent liquidity management ensures bank’s solvency and overall stability in an economy”**

**a. Discuss the impact on liquidity and inflation when CRR increases and reduces respectively. (5 Marks)**

**Ans 3a.**

**Introduction**

RBI regulates the cash flow of the whole economic system. RBI tends to manipulate the money supply within the economy by using its various economic gadgets. One of the above-noted financial gadgets is CRR or cash reserve ratio. If the CRR rate maintained with RBI is high, then the liquidity within the economy will be much

**b. Highlight the differences between Cash Reserve Ratio and Statutory Liquidity Ratio.**

**(5 Marks)**

**Ans 3b.**

**Introduction**

it is obligatory for commercial banks, and that is referred to as cash reserve ratio or CRR, which means to maintain a hard and fast share in their cash balances as a reserve with the crucial banks, and at the contrary, SLR or Statutory liquidity ratio is that quantity which a commercial bank is