

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 5

PART – A

(Answer Question No.1 which is compulsory
and any two of the rest from this part.)

1. (a) Name the apex institution in the following areas :

- (i) Agriculture and rural development
- (ii) Export sector
- (iii) Housing sector
- (iv) Depository services
- (v) Currency note printing.

(1 mark each)

(b) Choose the most appropriate answer from the given options in respect of the following :

- (i) Prime lending rate is determined by –
 - (a) RBI
 - (b) Each bank
 - (c) The Finance Minister, Govt. of India
 - (d) Money market.
- (ii) Repo rate is prescribed by the Reserve Bank of India in –
 - (a) Credit and monetary policy
 - (b) Economic survey
 - (c) Annual budget
 - (d) Annual general meeting.
- (iii) Foreign exchange reserves consist of –
 - (a) Gold
 - (b) Foreign currency assets
 - (c) Special Drawing Rights (SDRs)
 - (d) All of the above.

336

: 2 :

- (iv) Money at call and at short notice in India are granted –
- (a) To Bill Brokers
 - (b) To Stock Brokers
 - (c) By one bank to another
 - (d) By RBI to the government.
- (v) Focus of Narasimhan Committee-II has been on reforms in –
- (a) Corporate sector
 - (b) Financial sector
 - (c) Banking sector
 - (d) Infrastructure sector.

(1 mark each)

- (c) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) _____ stamps are affixed on printed forms, like hypothecation deed, pledge agreement, letter of guarantee, etc.
- (ii) _____ are permitted to raise capital through the issue of GDRs or ADRs within the limits prescribed for FDI by the Government of India.
- (iii) _____ is risk capital supplied to high technology growing companies particularly in the form of equity participation.
- (iv) Rural banking institutions under the Banking Regulation Act, 1949 are regulated by _____.
- (v) The current Cash Reserve Ratio (CRR) prescribed by the Reserve Bank of India is _____.

(1 mark each)

- (d) State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) Every cheque is a bill of exchange.
- (ii) Rate of interest charged by banking companies is subject to scrutiny by courts.
- (iii) Co-operative banks function within a given area.
- (iv) The banker's lien is not barred by the limitation laws.
- (v) An increase in Statutory Liquidity Ratio (SLR) by the Reserve Bank of India increases liquidity of the commercial banks.

(1 mark each)

2. Attempt **any three** of the following :

- (i) "Effective and efficient management of advances portfolio is the key to successful banking." Comment.

- (ii) List the documents required by banks as per the know your customer (KYC) norms while opening accounts of companies.
- (iii) "Bank acts as a trustee to its customers." Elaborate.
- (iv) What are the various constituents of financial markets ? How are these regulated ?
(5 marks each)
3. Attempt **any three** of the following :
- (i) Discuss the effects of 'account payee' crossing and 'not negotiable' crossing of a cheque.
- (ii) Give a brief account of asset-liability management process in banking.
- (iii) What is the role of treasury management department of a bank with respect to its own funds management ?
- (iv) List out the parties involved in a 'letter of credit' and also state their roles and responsibilities.
(5 marks each)
4. (a) Write a short note on State co-operative banks set-up in India.
(3 marks)
- (b) Illustrate nature of complaints considered by the Banking Ombudsman.
(3 marks)
- (c) "For a cheque payable to order purport to be endorsed by or on behalf of the payee, the drawee is discharged by payment in due course." Comment.
(3 marks)
- (d) Differentiate between 'pledge' and 'hypothecation'.
(3 marks)
- (e) Distinguish between 'demand bill' and 'usance bill'.
(3 marks)

P A R T – B

(Answer Question No.5 which is compulsory and any two of the rest from this part.)

5. (a) Diwan takes out an insurance policy on his wife's life and later gets a divorce. Is he entitled to the proceeds of the insurance policy upon the death of his former wife ? Give reasons in support of your answer.
(2 marks)
- (b) Anup sells his house to Naresh and a fire occurs before the insurance on the house is cancelled. Can Anup claim the insurance amount ? Give reasons in support of your answer.
(2 marks)

336

: 4 :

- (c) Distinguish between the following :
- (i) 'Term plan' and 'endowment plan'.
 - (ii) 'Morale hazard' and 'moral hazard'.
 - (iii) 'Third party policy' and 'comprehensive policy'.
- (2 marks each)*
- (d) State, with reasons in brief, whether the following statements are correct or incorrect :
- (i) Self-insurance is the same as insurance.
 - (ii) Liability can be insured.
 - (iii) Marine insurance is crowned as mother of all insurances.
 - (iv) An insurance company can predict events more accurately if the frequency of occurrence is high.
 - (v) Insurable interest and principle of utmost good faith are applicable to the life insurance contract.
 - (vi) With respect to credit insurance and claim, the protracted default occurs within 90 days from the original due date.
- (1 mark each)*
- (e) Choose the most appropriate answer from the given options in respect of the following :
- (i) IRDA had categorised the licensing of surveyors into –
 - (a) One category
 - (b) Two categories
 - (c) Three categories
 - (d) Four categories.
 - (ii) Those who primarily plan and schedule the work required to process a claim are –
 - (a) Claim examiners
 - (b) Claim adjustors
 - (c) Insurance agents
 - (d) Insurance companies.
 - (iii) The minimum paid-up equity capital required for registration to carry on business of life insurance or general insurance is –
 - (a) Rs.100 crore
 - (b) Rs.200 crore
 - (c) Rs.500 crore
 - (d) Rs.1,000 crore.

- (iv) As per IRDA norms, for fire insurance business what percentage of the amount of premium, net of re-insurance, received or receivable during the preceding twelve months is required to be set aside towards reserve for unexpired risk –
- (a) 50%
 - (b) 100%
 - (c) 20%
 - (d) None of the above.

(1 mark each)

6. Attempt **any three** of the following :

- (i) What coverage is available under the public liability insurance policy ? What other add on benefits can be taken by paying additional premium ?
- (ii) "The first function of a risk manager is to identify all pure loss exposures." Explain.
- (iii) What is convertible term insurance plan ? At what period of time the option of conversion can be exercised ?
- (iv) What are five major exclusions under the cover of the standard fire and special perils policy ?

(5 marks each)

7. Attempt **any three** of the following :

- (i) What are the demographic assumptions needed in pricing an insurance product ?
- (ii) State the role of claim examiners in life and health insurance business.
- (iii) State the provisions related to filing of compensation suits under the motor vehicle insurance.
- (iv) Explain 'credit derivatives' with few examples.

(5 marks each)

8. Write short notes on **any five** of the following :

- (i) Nominee in case of death of an insured
- (ii) Underlying principles of motor vehicle insurance policies
- (iii) E-insurance
- (iv) Risk management insurance
- (v) Licensing of surveyors and loss assessors
- (vi) Accounting standards for insurance companies.

(3 marks each)

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