

# BI 03

MMS - III 02/11/09

(Finance)

Banking & Insurance

Roll No. \_\_\_\_\_

Total No. of printed pages: 04

Total No. of Questions: 7 (Section I)

Maximum Marks: 60

Duration (hrs.) : 3 hrs.

(Section I & II)

## Note:

1. **Question No. 1 is compulsory.**
2. **Attempt any four questions from Question No. 2 to Q. No 7.**
3. **Figures to the right indicate marks allotted to the question.**
4. **Section I & Section II To be solved on SEPARATE Answer Books.**

**Q. 1. A Fill in the blanks with the appropriate answer: (5)**

- a) The present Governor of RBI is \_\_\_\_\_.
- b) The minimum capital requirement for carrying on a business of life insurance or general insurance is Rs. \_\_\_\_\_.
- c) In case of re-insurance a sum of Rs. \_\_\_\_\_ is to be kept deposited with the RBI in the form of cash or approved securities.
- d) A banking company cannot pay commission, brokerage, discount or remuneration in any form in respect of any shares issued by it, an amount exceeding \_\_\_\_\_ per cent of the paid-up value of the said shares.
- e) In case of Regional Rural bank \_\_\_\_\_ percent of the issued capital is to be subscribed by the sponsoring bank.

**Q. 1. B) State whether the following statements are true or false. If false, write the correct statement.**

**(5)**

- a) Repo rate is the rate charged by commercial banks, when RBI borrows money from them.
- b) An insurance company can issue two kinds of shares, namely equity shares and preference shares.
- c) In case of a banking company incorporated outside India, it has to keep deposited with the RBI, either in cash or in unencumbered approved securities, an amount equal to its paid up share capital.
- d) When one insurance company transfers some or all of its insurance risk to another insurance company, it is called retrocession.
- e) As per Banking Regulation Act, a banking company is prohibited from indulging in trading activities, i.e. buying and selling of goods.

- Q. 2. Explain the role of banking sector in the economic development of a country. (5)
- Q. 3. Explain the items of liabilities in the Balance Sheet of a Banking company (5)
- Q. 4. What is Securitization? Briefly explain the process of securitization and its benefits to the parties involved in the process. (5)
- Q. 5. What are Non-performing assets? List RBI Guidelines on the provisioning norms for various categories of Non-performing assets. (5)
- Q. 6. (5)
- a) "Insurance is primarily a risk-sharing device". Explain. What are its other functions?
  - b) What are the principles of Life insurance Contract?
- Q. 7. What are the duties, powers and responsibilities of Insurance Regulator and Development Authority? (5)

: 3 :

(SECTION - II)

ROLL NO.

TOTAL NO. OF QUESTIONS: 11

MAXIMUM MARKS: 30

NOTE: Answer total 10<sup>out</sup> of 11 questions. Question No. 1 is compulsory.

Question 1: Define / Explain in short the following Banking terms:-

- Universal Bank
- Debit card
- Electronic transfer of funds
- Merger & Acquisitions
- Bank Guarantee
- SLR

Question 2:

What is Treasury Management? Describe the major Treasury functions in a bank.

Question 3:

Define Asset Liability Management in an organization and describe process of Asset Liability Management covering all important components.

**Question 4:**

**Describe the major Risk types. What is Methodology of Risk Management? In particular describe approaches to Market Risk Management.**

**Question 5:**

**What are the objectives of a monetary policy pursued by Central Bank of a country? Describe the instruments of monetary policy used by RBI.**

**Question 6:**

**Describe significance of BASEL II and explain its impact on the International banking operations.**

**Question 7:**

**What are functions of ARC? Describe the challenges faced by ARC in India.**

**Question 8:**

**Explain the impact of application of Narsimham Committee recommendations in last 2 decades.**

**Question 9:**

**What is a Regional Rural Bank? Describe the role played and impact of RRBs in last 2 decades.**

**Question 10:**

**Explain 'Sub-prime' crisis in US. How did it affect the banking system internationally?**

**Question 11:**

**What is a Bank? Describe important milestones in Indian Banking post independence.**