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Total Number of Pages : 03

MBA
15MNG204

2nd Semester Regular / Back Examination 2017-18
BANKING AND INSURANCE
BRANCH : MBA
Time : 3 Hours
Max Marks : 100
Q.CODE : C1047

Answer Question No.1 and 2 which is compulsory and any four from the rest.
The figures in the right hand margin indicate marks.
Answer all parts of a question at a place.

- Q1** Answer the following questions by filling in the blanks: **(2 x 10)**
- a) A Bank maintains an account in the names of A&B payable jointly. On the death of A, the balance in the account is payable to-----.
- (i) B
 - (ii) A's legal representative
 - (iii) B and A's legal representative in equal proportion.
 - (iv) B and A's legal representative jointly.
- b) The drawee banker of a demand draft has received intimation of the loss of the draft from the purchaser. The banker should:
- (i) Stop the payment
 - (ii) Exercise caution
 - (iii) Refuse to accept the notice
 - (iv) Issue a duplicate draft
- c) The customer when depositing or taking out articles from the safe deposit locker should-----
- (i) Declare the value to the banker
 - (ii) Declare the items to the banker
 - (iii) Show the items to the banker
 - (iv) Not be required to do any of the above.
- d) In case of default by the borrower, the banker can sell the pledged goods
- (i) Immediately
 - (ii) After issuing notice to the borrower
 - (iii) After obtaining the court order
 - (iv) With the consent of the borrower
- e) The credit target for commercial banks in respect of priority sector has been fixed at
- (i) 30% of net bank credit
 - (ii) 32% of net bank credit
 - (iii) 40% of net bank credit
 - (iv) 50% of net bank credit
- f) The voting rights of any shareholder of a banking company shall not exceed
- (i) 2%
 - (ii) 5%
 - (iii) 10%
 - (iv) 20%

- g)** The tenure of appointment of the Banking Ombudsman in terms of Banking Ombudsman Scheme, 1995 is
 - (i) 3 years with a provision of extension of a further period of not exceeding two years
 - (ii) 3 years with a provision of extension of a further period of not exceeding three years
 - (iii) 5 years with a provision of extension of a further period of not exceeding five years
 - (iv) 5 years with a provision of extension of a further period of not exceeding three years
- h)** The insurance company gets the subrogation rights from the insured against Third party only
 - (i) Before the loss is paid
 - (ii) When the loss is paid
 - (iii) After the loss is paid
 - (iv) Before the limitation period is over
- i)** Which type of life assurance combines insurance and investment?
 - (i) Mortgage repayment
 - (ii) Whole of life plan
 - (iii) Family income benefit
 - (iv) Level term assurance
- j)** Anmol Jeevan is a ----- of LIC
 - (i) Basic life insurance plan
 - (ii) Term insurance plan
 - (iii) Children plan
 - (iv) Pension plan

Q2 Answer the following questions: (2 x 10)

- a)** What are the advantages enjoyed by a bank for being a scheduled bank?
- b)** Can a fixed deposit be claimed before maturity?
- c)** Can a third party operate an account on the basis of a letter of authority from the account holder lodged with the bank or is a general power of attorney necessary?
- d)** Distinguish between an overdraft and a cash credit.
- e)** What does a banker do when the cheque amount stated in words and in figures differs?
- f)** What are the principles that a banker should adhere to while granting loans and advances?
- g)** State the circumstances under which the license of an insurance agent may be cancelled?
- h)** Why was the insurance business privatized in India?
- i)** What is the difference between medi claim policy and managed health care policy?
- j)** Distinguish between pure risk and speculative risk.

Q3 "Banking has become a vital instrument of economic changes and development in India". Explain this statement with the changing role of commercial banks since nationalization of major commercial banks in 1969. (15)

- Q4 Summarize the provisions of the Banking Regulation Act, 1949, regarding:**
- a) Nature of business **(5)**
 - b) Licensing **(5)**
 - c) Appointment of directors of Banking companies in India. **(5)**

Q5 Explain the concept of priority sector. Enumerate the general guidelines for priority sector advances issued by the RBI. **(15)**

210 **Q6** Discuss factors contributing to frauds in banks. What corrective actions are required for prevention of such frauds? **(15)** 210

Q7 Define a life insurance contract. Explain the essential features of such a contract. How the principles of insurance are modified incase of General insurance? **(15)**

210 **Q8** What is meant by Risk management? Elaborate the process involved in managing risks in insurance. **(15)** 210