

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – SUMMER 2019****Subject Code: 3539224****Date: 11/05/2019****Subject Name: Banking and Insurance (BI)****Time: 2.30 pm to 5.30 pm****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

**Q. 1 Explain the following terms in short. (Each of 2 Marks) 14**

- a) Credit Card
- b) Insurer
- c) Digital Payment
- d) ULIP
- e) KYC
- f) Group Insurance
- g) Term Loan

**Q.2 (a) Explain in brief the role and main functions of Reserve Bank of India? 07****Q.2 (b) Are you in favour of digital banking services? Yes or No. Justify your answer properly. 07****OR****Q.2 (b) What is Electronic Fund Transfer? Discuss its advantages and disadvantages along with suitable examples. 07****Q.3 (a) Explain the essential principles of an insurance contract. 07****Q.3 (b) "Insurance Regulatory and Development Authority (IRDA) plays pivotal role in the development of insurance industry in India" Comment on this statement. 07****OR****Q.3 (a) What do you mean by Priority Sector Lending? Which are the different categories included under priority sector? 07****Q.3 (b) Compare the traditional life insurance plans and market related variable life insurance plans along with suitable examples. 07****Q.4 (a) Write a short note on marine insurance contract. 07****Q.4 (b) Explain any one insurance product of your choice offered by Public Sector and Private Sector Organizations offering Insurance Products in India. 07****OR****Q.4 (a) Define life insurance contract? Explain the various provisions of life insurance contract? 07**

- Q.4 (b)** Are you in support of having health insurance policy or against it? Justify your answer with appropriate reasons either for support it or against it. **07**

**Q.5 CASE STUDY****14**

A quality of assets held by banks is a critical indicator of the health of the financial system. A high quality of assets reflects the level of bank's credit risk and efficiency in allocation of resources to the productive sector. Non-Performing Assets (NPA) are loans given by a bank or financial institutions wherein the borrower defaults or delay the interest or principal payments. As per the RBI norm, any interest or principal delayed beyond 90 days known as NPA. Further it is classified in to Standard Assets, Sub Standards Assets, Doubtful Assets and Loss Assets. NPA puts negative impact on the development of an economy. Currently, the Indian Banking sector facing the problem of high level of Non-Performing Assets and a recent report revealed by CARE rating puts the Indian economy on the top 5 countries with highest amount of bad loan in the world with NPA ratio of 9.9. Some of the reasons behind this situation include, defective lending process, lack of demand, ineffective recovery mechanism, natural calamities, industrial sickness, changes in government policy, use of outdated technology, willful defaults, poor credit appraisal system and managerial deficiencies. Therefore, it is essential to take some remedial measures immediately. Now banks and financial institutions saddled with bad loans have multiple options to manage their NPA like One time settlement scheme, Lok Adalats, Debt Recovery Tribunals, Corporate Debt Restructuring (CDR), SARFAESI Act and Assets Reconstruction Companies. The provisions of Indian laws do not facilitate speedy and effective enforcement of securities. Hence in order to make the process faster and result oriented recently newer mechanism like Insolvency and Bankruptcy Code, 2016 (IBC Code, 2016) , Formation of National Company Law Tribunal (NCLT) and Prompt Corrective Action (PCA) have been initiated by regulators. It is expected to solve the issue of bad loan in a quick and efficient manner for Indian banking sector.

- Q.5 (a)** Identify the causes of high level of NPA in the Indian Banking sector. **07**
- Q.5 (b)** Which are the tools available for Banks to manage their NPA? **07**

**OR**

- Q.5 (a)** What is a Non-Performing Assets (NPA)? What are the types of NPA and reasons of NPA? **07**
- Q.5 (b)** Which are the newer mechanism of NPA recovery and which are the old mechanisms? Why a regulator has initiated newer mechanisms? **07**

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