

FACULTY OF MANAGEMENT**M.B.A. IV – Semester (CBCS) Examination, May / June 2018****Subject: Banking and Insurance****Paper – MB – 405 – I (Finance)
(Elective – IV – Finance)****Time: 3 Hours****Max.Marks: 80****Note: Answer all the questions from Part-A and Part-B.****Each question carries 4 marks in Part-A and 12 marks in Part-B.****PART – A (5x4 = 20 Marks)****[Short Answer Type]**

- 1 State the functions of Commercial Banks.
- 2 Distinguish between fixed and floating rates
- 3 What is meant by Core Banking solution?
- 4 What are the principles of Insurance?
- 5 State the types of General Insurance Business.

PART – B (5x12 = 60 Marks)**[Essay Answer Type]**

- 6 a) Describe the structure and significance of Indian Banking System.
OR
b) Explain the functions of Reserve Bank of India.
- 7 a) Discuss the procedure for assessment of credit worthiness of a prospective borrower.
OR
b) What is NPAs and state the causes and its implications in Banking Operations.
- 8 a) As the interest rates are expected to change, ABC Bank wants to charge floating rate of interest to its borrower. The present prime rate is 8% p.a. The bank wants to charge a premium of 350 basis points over the prime rate for this borrower. You are required to find the floating rate for the borrower as per prime plus and prime time-rate methods and which of the two methods would be beneficial to the bank. Further, if the prime rate increases to 9% and/or decreases to 7.5% what would be the floating rate for the borrower.
OR
b) A customer wants to borrow Rs.50 crs from XYZ Bank. The bank studied the risk associated with the borrower and found that the probability of repaying the principal and interest is 94% as per schedule. In case of difficulty the bank loan recover 81% of the principal and interest due. The minimum required rate for the bank is 14%. The cost of funds for the bank is 12% and the associated service cost is 0.25%. What rate should the bank quote to the borrower?
- 9 a) Discuss the significance of Insurance Business in Indian Economy.
OR
b) Explain the salient features of different Life Insurance products.
- 10 a) Describe the advantages of general Insurance Business activities.
OR
b) Discuss the role of marketing intermediaries in insurance business operations.
