

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) Rohan owes certain sum of money to Sohan, but he does not know the exact amount and hence makes out a blank cheque in favour of Sohan, signs and delivers it to Sohan with a request to fill-up the amount due payable by him. Sohan fraudulently fills-up an amount greater than due payable by Rohan and endorses the cheque to Mohan in full payment of his own dues. Cheque of Rohan is dishonoured. What is the effect on the rights of Mohan ?
(4 marks)
- (b) A banker is under a strict obligation not to disclose the customer's account to third party. A letter of request has been received by the bank from the Income-tax Officer enquiring whether a particular customer has an account with the bank. What should the banker do ?
(4 marks)
- (c) A customer has applied for housing loan from a bank and paid a sum of Rs.5,000 as processing charges in advance. Later on, due to some technical problems, the banker expressed its inability to sanction the loan to the customer as he could not submit the income-tax return to the banker. Can the customer claim the refund of Rs.5,000 processing charges paid in advance ?
(4 marks)
- (d) State, with reasons in brief, whether the following statements are true or false :
- (i) Fair practice code for tenders belongs to loan applications and their processing in time.
 - (ii) The banker is not required to give prior notice to the borrower before exercising the right of lien.
 - (iii) Credit Information Bureau (India) Ltd. (CIBIL) helps to facilitate avoidance of adverse selection of borrowers.
 - (iv) Companies accepting deposits for the purpose of financing their trading or manufacturing business cannot be considered as a bank.

(1 mark each)

- (e) Choose the most appropriate answer from the given options in respect of the following :
- (i) Which of the following is not a negotiable instrument —
 - (a) A promissory note
 - (b) A demand draft
 - (c) A cheque
 - (d) A bill of exchange.
 - (ii) Personal guarantees of reputed borrowers/guarantors are the example of —
 - (a) Zero-risk customers
 - (b) Tangible securities
 - (c) Intangible securities
 - (d) None of the above.
 - (iii) Prompt corrective action is —
 - (a) A directive issued by the Reserve Bank of India
 - (b) A restraint order by SEBI
 - (c) A remedial measure to resolve NPA
 - (d) A supervisory intervention technique.
 - (iv) To start a private bank initiative, the minimum capital should be —
 - (a) Rs.100 crore
 - (b) Rs.200 crore
 - (c) Rs.300 crore
 - (d) Rs.500 crore.

(1 mark each)

2. (a) Discuss the different forms of endorsement of negotiable instruments.
(5 marks)
- (b) Give a brief description of measures that have been taken to boost the credit delivery system of banks.
(5 marks)
- (c) Differentiate between 'pledge' and 'hypothecation' of goods as security. Which mode of security would you prefer ?
(5 marks)
3. (a) Give a brief account of the Goiporia Committee's recommendations regarding payment of cheques outside banking hours.
(5 marks)

(b) Discuss the lending criteria of commercial banks to endure the safety and return.
(5 marks)

(c) If a customer has a grievance with his/her banker, how should he/she file a complaint before the Banking Ombudsman ?
(5 marks)

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

- (i) Soundness indicators of banks
- (ii) Instruments of monetary policy with Reserve Bank of India
- (iii) Exposure norms ceilings for commercial banks
- (iv) Intervention of Reserve Bank of India in forex market
- (v) Institutions promoted by the IFCI Ltd.
- (vi) The principle of spread in lending.

(3 marks each)

PART—B

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

5. (a) A person was going with his minor son in his own car which met with an accident and his son died and he was also injured. Can he claim compensation for death of his minor son and his own injury under third party insurance policy ?

(4 marks)

(b) Discuss the levels of risk in general insurance with suitable example.

(4 marks)

(c) State, with reasons in brief, whether the following statements are true or false :

- (i) Annuities start where life insurance ends.
- (ii) People facing common risks come together and make their small contribution to a common fund.
- (iii) The insurers are not liable for remote consequences and remote causes.
- (iv) There are certain pre-requisites before a risk is covered by insurance.

(2 marks each)

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

- (i) Which one of the following is the most specialised form of insurance —
 - (a) Fire insurance
 - (b) Marine insurance
 - (c) Life insurance
 - (d) Aviation insurance.

- (ii) Duration of the permit issued by the State/Regional Transport Authority shall be for a period of —
- (a) 5 Years
 - (b) 10 Years
 - (c) 15 Years
 - (d) None of the above.
- (iii) Which one of the following is not a form of treaty re-insurance —
- (a) Quota share treaty
 - (b) Hull treaty
 - (c) Surplus treaty
 - (d) Excess of loss re-insurance.
- (iv) In insurance contract, the principle of *caveat emptor* means —
- (a) Customer is supreme
 - (b) Customer is God
 - (c) Let the buyer beware
 - (d) Customer is clever.

(1 mark each)

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

- (i) Describe briefly the procedure to get a licence from IRDA by an insurance broker.
- (ii) Discuss the criteria of selecting the most appropriate technique or combination of techniques for handling each loss exposure.
- (iii) Discuss the recent controversy of IRDA and SEBI with regard to Unit Linked Insurance Plan (ULIP).
- (iv) State the major features of the 'risk management process'.

(5 marks each)

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

- (i) "Nationalisation has not affected but liberalisation of insurance sector has affected substantially the re-insurance business in India." Comment.
- (ii) State the objectives of public liability insurance (PLI). What is the claims procedure under PLI ?
- (iii) How does Export Credit Guarantee Corporation of India (ECGC) help exporters ?
- (iv) What documents are normally asked for while settling claim under the fire insurance ?

(5 marks each)

8. Attempt **any five** of the following :

- (i) Differentiate between 'abatement', 'remission' and 'refund of duty'.
- (ii) Write a short note on 'warehouse to warehouse clause' in an inland marine policy.
- (iii) Illustrate — 'all risks are not insurable'.
- (iv) "Re-insurance is the insurance of the risk assumed by the insurer." Comment.
- (v) Differentiate between 'insurance' and 'hedging'.
- (vi) Distinguish between 'actual total loss' and 'constructive total loss' in the marine insurance.

(3 marks each)

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