

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

PART—A

(Answer Question No.1 which is compulsory
and any two of the rest from this part.)

1. (a) A customer of your bank, who maintains term deposit of Rs.100 crore, requests you to pay a cheque of Rs.1,000 crossed in his favour, in cash across the counter. Will you pay this cheque ? Give reasons for your answer.

(4 marks)
- (b) An officer of Sunder Bank Ltd. passed a cheque for Rs.5 lakh from the account of a partnership firm by overdrawing its account with Rs.10,000. On scrutiny, it is observed that there was a credit balance of Rs.50,000 in savings bank account of Raman, a partner in the said partnership firm. Whether the bank can exercise the option of setting-off debit balance in the account of partnership firm against credit balance in Raman's savings bank account ?

(4 marks)
- (c) Aditya mortgages his land with Bhanu Bank. The bank constructed its branch office on that site. After 5 years, Aditya repaid the loan and asked the bank to hand over the site. What can the bank do ? Advise.

(4 marks)
- (d) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) :
 - (i) Under _____, the endorser can endorse the instrument in such a manner as to escape his liability.
 - (ii) _____ is the minimum interest rate a bank would charge from its least risky borrowers.
 - (iii) _____ is a bill of exchange not supported by documents of title to goods.
 - (iv) Under cash credit facility, a customer is allowed to overdraw upto an amount which is lower of the sanctioned limit and _____.

(1 mark each)
- (e) Choose the most appropriate answer from the given options in respect of the following :
 - (i) Which of the following percentage of advances of a bank should go to the priority sector, *i.e.*, agriculture, small industries and small business —
 - (a) 60%
 - (b) 50%
 - (c) 70%
 - (d) 40%.

- (ii) Which of the following statement is not correct —
- (a) Private banks must have minimum paid-up capital of Rs.100 crores.
 - (b) Capital adequacy ratio of all banks must be at 9%.
 - (c) Bank can issue equity shares and preference shares.
 - (d) Subscribed capital of a banking company must be at least 50% of its authorised capital.
- (iii) Every banking company incorporated in India must transfer at least following percentage of its annual profit to statutory reserves as per section 17(1) of the Banking Regulation Act, 1949 —
- (a) 10%
 - (b) 20%
 - (c) 25%
 - (d) 30%.
- (iv) As per section 16 of the Banking Regulation Act, 1949, any person can be appointed as a director in —
- (a) Not more than 20 Banking Companies
 - (b) Not more than 10 Banking Companies
 - (c) Not more than 1 Banking Company
 - (d) Not more than 5 Banking Companies.
- (1 mark each)*
2. (a) Foreign Direct Investments (FDI)/ Foreign Institutional Investments (FII) inflows and inflation are influencing interest rates in our country. Do you agree with this view ? Give reasons.
- (5 marks)*
- (b) What are the restrictions under the Banking Regulation Act, 1949 which a banker must adhere to while sanctioning advances against the security of shares ?
- (5 marks)*
- (c) How does the mechanism of 'letter of credit' reduce payment risk in foreign trade ?
- (5 marks)*
3. (a) Write a note on the role of treasury department of a bank.
- (5 marks)*
- (b) Explain the circumstances under which the 'buyers credit' facility is available to importers. Who arranges this type of credit for importers ?
- (5 marks)*
- (c) Give a brief account of the regulatory and institutional reforms that help to improve efficiency of financial markets.
- (5 marks)*
4. (a) What components of 'earnings' are to be appraised while rating the banks under the 'CAMELS' model ?
- (5 marks)*
- (b) How does Electronic Clearance Scheme (ECS) operate ? State the advantages of ECS to the companies and their clients.
- (5 marks)*

- (c) A banker is under a strict obligation not to disclose the status of its customers' accounts to any third party. There are certain exceptions to this rule. What are these exceptions ?

(5 marks)

PART—B

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

5. (a) Rajat had personal accident policy. He suffered accidental injuries and was taken to hospital. While undergoing treatment, he contracted an infectious disease, which caused his death. Mohan, son of Rajat, lodged a claim against the insurance company. Whether the claim is payable to him ? Analyse the situation from 'proximate cause' and 'remote cause' points of view.

(3 marks)

- (b) Dinesh was travelling with his son in his own car. The car met with an accident and his son died in the accident. Whether Dinesh will get claim for third party damages ?

(3 marks)

- (c) Distinguish between **any two** of the following :

- (i) 'Insurance agent' and 'broker'.
- (ii) 'Free consent' and 'consensus ad-idem'.
- (iii) 'Risk management' and 'insurance management'.

(2 marks each)

- (d) How is the contract of insurance different from an ordinary contract ? What are the additional features of contract of insurance ?

(5 marks)

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

- (i) Which of the following statement is incorrect —

- (a) Fire insurance claims are settled at market value unless otherwise agreed.
- (b) Long term policies are issued in fire insurances in cases other than house/flat owner.
- (c) Insurance companies on receipt of intimation of claim send surveyor to assess the loss.
- (d) Flame is a pre-requisite to qualify a peril to be a fire.

- (ii) The present limit of insurance coverage per depositor under the Deposit Insurance and Credit Guarantee Corporation (DICGC) cover is —

- (a) Rs.10,000
- (b) Rs.20,000
- (c) Rs.30,000
- (d) Rs.1,00,000.

- (iii) Public liability insurance does not cover —
- Liability to a person and to his dependents for death or injury.
 - Liability for damage to property.
 - Liability for legal cost in defending the case.
 - Liability due to loss of goodwill, market, *etc.*
- (iv) The Multimodal Transportation of Goods Act, 1993 does not seek to —
- Regulate the business of Multimodal Transport Operator (MTO).
 - Delineate the responsibilities and liabilities of MTO.
 - Lay down standard, contents and provisions of the multimodal transport document.
 - None of the above.
- (v) The clause under the Directors' and Officers' Liability Policy does not cover the claim from —
- Writ against directors/officers for any wrongful act.
 - Written communication obeying a wrongful act communicated to director/officer.
 - Legal action brought in a court within excluded territory.
 - All of the above.
- (1 mark each)*
6. (a) Discuss the role of Company Secretary in the insurance industry. *(5 marks)*
- (b) Why the insurance is considered the most practical method for handling risk ? *(5 marks)*
- (c) What is 'fire insurance' ? What are the risks covered under 'fire and special peril policy' ? *(5 marks)*
7. (a) What is the role of actuary in life insurance companies ? *(5 marks)*
- (b) What do you know about underwriting agents for insurance sector ? Briefly explain the provisions governing them. *(5 marks)*
- (c) State the legal provisions relating to 'investment of funds' by the insurers. *(5 marks)*
8. Write short notes on **any five** of the following :
- Professional liability cover
 - Nature of work of loss adjusters
 - Personal risks
 - Keyman insurance
 - Emergency risk management
 - E-insurance.
- (3 marks each)*