

PRINCIPLES AND PRACTICES OF BANKING AND INSURANCE

F.Y.BBI SEM II

Duration: 2 ½ hours

Marks: 75

N.B: 1. All questions are **compulsory**.

2. **Figures** to the right indicate **full** marks.

(1) (A) State whether the following statements are true or false. (Any Eight) (08)

- 1) Bridge finance is secured against mortgage of fixed assets.
- 2) ECS facilities are used for making regular payments like telephone bill, receiving dividends, etc.
- 3) Hybrid deposits had introduced by public sector banks.
- 4) Micro finance is a financial service of large quantity provided by financial institutions to the poor.
- 5) Term deposits are also called as current deposits.
- 6) Speculative risk is a situation in which there is a possibility of loss but also possibility of gain.
- 7) A firm with debt financing has no financial risk.
- 8) Dynamic risks normally benefit the individual.
- 9) Risk management helps to evaluate the risk of business.
- 10) Commodity price risk arises from fluctuation in the price of commodity.

(1) (B) Match the following (Any Seven)

(07)

GROUP 'A'	GROUP 'B'
1) Risk financing	a) Fire insurance
2) Earthquakes	b) Health declaration
3) Peril	c) Life insurance
4) Exchange rate risk	d) Not to allow profit

5) Hazard	e) Non-life insurance
6) Personnel Accident insurance	f) Increase the chances of loss
7) Indemnity	g) Price risk
8) Savings	h) Causes of loss
9) Utmost good faith	i) Fundamental risk
10) Doctrine of subrogation	j) Risk management tool

(2) (a) Define a Bank. Explain the scope for banking activities. (8)

(2) (b) What are the objectives and main functions of Small Industries Development Bank of India? (7)

OR

(2) (c) Discuss the role of NABARD in agricultural and rural finance in India. (8)

(2) (d) What are Regional Rural Banks? Explain the objectives and its functions. (7)

(3) (a) Explain the procedure to open a bank account. (8)

(3) (b) Explain the provision of section 22 of Banking Companies Act for obtaining a license to start a bank. (7)

OR

(3) (c) Explain in detail the current scenario of banking sector with special reference to e-banking. (8)

(3) (d) Define financial inclusion. Explain the scope of financial inclusion. (7)

(4) (a) Mention the uses of insurance. (8)

(4) (b) Explain in detail the nature of insurance. (7)

OR

(4) (c) What do you understand by risk management in life insurance? (8)

(4) (d) Mention the methods of handling risk. (7)

(5) (a) Define Actuary. Explain the role of actuary in insurance. (8)

(5) (b) Elaborate on Insurance Regulatory and Development Authority. (7)

OR

(5) (c) Write short notes: (Any three) (15)

1) EXIM bank

2) Ombudsman

3) Intermediary

4) Insurance players in India

5) Social security insurance scheme