

The Assam Royal Global University, Guwahati

Royal School of Business

BBA 6th Semester

Semester End Examination, July 2022

Course Title: Banking and Insurance

Course Code: BSA032C602

Time: 3 Hours

Maximum Marks: 70

Note: Attempt all questions as per instructions given.

The figures in the right-hand margin indicate marks.

Section – A

- Q.1. Attempt all questions. (Maximum word limit 50) 2 x 8 = 16
- Define the operational risks in the banking sector.
 - State two differences between traditional banking and e-banking.
 - What do you mean by an Open Cheque?
 - What is Hypothecation?
 - State four major benefits of life insurance.
 - State the basic factors based on which premium value is determined on actuarial considerations.
 - Define Surrender value and Paid-up value.
 - Explain the following types of insurance policies: Endowment and ULIPs

Section – B

- Q.2. Answer any two:
- Define NPA. Illustrate the provisioning norms for NPA as per the RBI guidelines. 2 + 5 = 7
 - “RBI as a central Bank for Indian economy take necessary steps for control of credit for the monetary policy and control the inflation.” Discuss the various Methods of Credit control used by Reserve Bank of India. 7
 - Bank Y’ ALCO expects the interest rates to move as follows: 7

Change in Interest Rates	Probability
-0.5%	0.20
+1.0%	0.80

If the earning assets of the bank are at Rs 50,000 crore, NII is Rs 1,500 crore, and the bank expects a variation of 10 percent in NII, what is the target GAP for each of the possible changes in interest rates? What will be the change in NII for the different levels of GAP?

- Q.3. Answer any two:
- Illustrate any seven special relationships that exists between the bankers and the customers. 7
 - Define credit appraisal. Explain the various important principles followed by the banks for lending money. 7

- c) What are the two types of dishonoring of cheques? Enumerate the conditions under which a banker can dishonor a customer's cheque, presented for payment. $2 + 5 = 7$

Q.4. Answer any one:

- a) Discuss the seven groups of principle on which the entire business of insurance is based. 7
- b) State the basic differences between nomination and assignment. 7
- c) Briefly explain the procedure of settlement of death and maturity claims in case life insurance policies. 7

Q.5. Answer any two:

- a) Explain the six stages of new product development in the insurance sector. 6
- b) Define underwriting. Briefly explain the process of underwriting in-non-life insurance business. $2 + 4 = 6$
- c) Discuss the prospects of micro-insurance products for a developing country like India. 6