

<b>R-4697</b>
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<b>Sub. Code</b>
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<b>632201</b>
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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**BUSINESS RESEARCH METHODOLOGY**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

1. Which is of the following is concerned with subjective assessment of attitudes, opinions and behaviour?
  - (a) Quantitative Approach
  - (b) Qualitative Approach
  - (c) Experimental Approach
  - (d) Simulation Approach
  
2. The sampling procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample is called
  - (a) Probability Sampling
  - (b) Non-probability Sampling
  - (c) Random Sampling
  - (d) Stratified Sampling

3. The humpedness of the normal distribution curve which points to the nature of distribution of items in the middle of a series is called
- (a) Kurtosis                      (b) Skewness  
(c) Dispersion                      (d) Distribution
4. "Which test is used to see how well does the assumed theoretical distribution (such as Binomial distribution, Poisson distribution or Normal distribution) fit to the observed data?"
- (a) Test of Independence  
(b) One Sample T-Test  
(c) Goodness of Fit Test  
(d) ANOVA
5. A statement of the inferences drawn from the present study which may be expected to apply in similar circumstances is known as
- (a) Implications of the Results  
(b) Statement of Problem  
(c) Scope of the Study  
(d) Limitations of the Study

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

6. (a) Differentiate between a survey and a census.

Or

- (b) Explain Ex post facto research.

7. (a) Explain sampling error.

Or

(b) What is random sampling?

8. (a) What is Reliability?

Or

(b) What is pilot study?

9. (a) What is normal distribution?

Or

(b) What are the assumptions for paired sample t-test?

10. (a) What is interpretation? Why it is essential in report writing?

Or

(b) State the importance of citation.

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

11. (a) Explain the steps involved in research process.

Or

(b) What is research problem? Explain the techniques involved in defining a problem?

12. (a) Explain the essential characteristics of a good sampling. Differentiate between random sampling and non-random sampling.

Or

(b) Explain the factors affecting the size of the sample.

13. (a) Explain the merits and demerits of using questionnaires for data collection.

Or

- (b) What are measurement scales? Explain the classification of measurement scales.
14. (a) Ten students are selected at random from a school and their heights are found to be, in inches. 50, 52, 52, 53, 55, 56, 57, 58, 58 and 59. In the light of these data, discuss the suggestion that the mean height of the students of the school is 54 inches. At 5% level of significance,  $t = 2262$ .

Or

- (b) What are measures of dispersion? Explain range, mean deviation, variance and standard deviation.
15. (a) Explain the layout of a good research report.

Or

- (b) Discuss the precautions in interpretation and significance of report writing.

**Part D** (1 × 10 = 10)

Case Study (Compulsory)

16. Attend the two cases given below (both carry equal marks)
- (a) The tables given below are the outputs of Chi-square tests. State the assumptions for Chi-square test formulate the hypothesis and interpret the results.

Gender \* preferred learning medium cross tabulation

Gender	Preferred Learning medium		
	Books	Online	Total
Male count	16	24	40
% within gender	40.0%	60.0%	100.0%
% within preferred Learning medium	55.2%	47.1%	50.0%
% of total	20.0%	30.0%	50.0%

Gender	Preferred Learning medium		
	Books	Online	Total
Female count	13	27	40
% within gender	32.5%	67.5%	100.0%
% within preferred learning medium	44.8%	52.9%	50.0%
% of total	16.3%	33.8%	50.0%
Total count	29	51	80
% within gender	36.3%	63.8%	100.0%
% within preferred learning medium	100.0%	100.0%	100.0%
% of total	36.3%	63.8%	100.0%

## Chi-Square tests

	Value	df	Asymp. sig. (2-sided)	Exact sig. (2-sided)	Exact sig. (1-sided)
Pearson chi-square	.487 <sup>a</sup>	1	.485		
Continuity correction <sup>b</sup>	.216	1	.642		
Likelihood ratio	.487	1	.485		
Fisher's exact test				.642	.321
Linear-by-linear association	.481	1	.488		
N of valid cases	80				

(i) 0 cells (.0%) have expected count less than 5.  
The minimum expected count is 14.50

(ii) Computed only for a  $2 \times 2$  table.

- (b) The tables given below are the outputs of One-way ANOVA which was conducted to study the time taken to solve a problem by the employees who have taken three different levels of training courses. State the assumptions for One-way ANOVA, formulate the hypothesis and interpret the results.

Descriptives

95% confidence interval for mean

Time	N	Mean	Std. deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Beginner	10	27.2000	3.04777	.96379	25.0198	29.3802	22.00	33.00
Intermediate	10	23.6000	3.30656	1.04563	21.2346	25.9654	18.00	29.00
Advanced	10	23.4000	3.23866	1.02415	21.0832	25.7168	18.00	29.00
Total	30	24.7333	3.56161	.65026	23.4034	26.0633	18.00	33.00

ANOVA

Time	Sum of squares	df	Mean square	F	Sig.
Between groups	91.467	2	45.733	4.467	.021
Within groups	276.400	27	10.237		
Total	367.867	29			

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<b>Sub. Code</b>
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<b>632202</b>
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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**MANAGERIAL ECONOMICS**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer all questions.

1. Under the perfect competition, price is determined by the interaction of total demand and \_\_\_\_\_
  - (a) Total supply
  - (b) Total cost
  - (c) Total utility
  - (d) Total production
  
2. The short run average cost curve is \_\_\_\_\_ shaped
  - (a) V
  - (b) U
  - (c) L
  - (d) All the above
  
3. Goods produced on small scale have
  - (a) Relatively inelastic supply
  - (b) Highly elastic supply
  - (c) Perfectly elastic supply
  - (d) None of the above

4. Oligopoly is a type of \_\_\_\_\_ market, where \_\_\_\_\_ exists in the industry
- (a) Perfect, few firms
  - (b) Imperfect, few firms
  - (c) Perfect, many firms
  - (d) Imperfect, many firms
5. The law of Diminishing Returns depends on the assumption that
- (a) Land is the factor kept constant
  - (b) The state of technical knowledge is unchanged
  - (c) Total output is constant
  - (d) Average output declines faster than marginal output.

**Part B** (5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

6. (a) Briefly explain the nature of Managerial economics.
- Or
- (b) Briefly explain exceptions to downward sloping of demand curve
7. (a) Explain the different cost concept and illustrate them through curves.
- Or
- (b) Define the price discrimination and under what conditions price discrimination is profitable?
8. (a) Write down the objective of cost control.
- Or
- (b) Explain the advantage and disadvantage of skimming the cream pricing.
9. (a) What is IRR and explain its role in investment analysis and evaluation?
- Or
- (b) Explain the meaning and cause of deflation.

10. (a) Point out the various industry wise financial institutions available to provide assistance to industries.

Or

- (b) Discuss briefly the various phases of business cycles.

**Part C**

(5 × 8 = 40)

Answer **all** questions, Choosing either (a) or (b).

11. (a) Why are economic theory and its methods used by managers in their decision making?

Or

- (b) What are the factors that determine the demand? Explain.

12. (a) What are the non-economic factors that determine economic development?

Or

- (b) Explain and illustrate the differences between perfect competition and monopoly, regarding pricing and output.

13. (a) Explain the various economics of scale and diseconomies of scale that accrue to the firm when it expands its scale of production.

Or

- (b) Explain the various features of a perfect competition. How price of a commodity is determined under it?

14. (a) Describe the pricing and output decision under imperfect competition.

Or

- (b) State and explain the principle of Break even analysis and outline its managerial uses.

15. (a) How far is profit maximization the basic objective of a firm? Explain its limitation in business applications.

Or

- (b) Explain the concept of National income and different methods of computation of National Income.

**Part D** (1 × 10 = 10)  
**(Compulsory)**

16. Case Study

Navarang - A movie theatre in a town has two types of customers: (a) college students and (b) Senior Citizen. The college students will watch the Sunday morning movie, if the ticket price is Rs. 50 or less and the senior citizens will watch if the price is Rs. 25 or less. Also assume that there is no other cost in showing the movie, so the profit is same as the revenue from the sale of tickets.

On Sunday Morning, there are 40 college students and 20 senior citizens in the theatre. The theatre has three price strategies, (c) Uniform rate of Rs. 25 for all (d) uniform rate of Rs. 50 for all and (e) Rs.50 for college students and Rs.25 for senior citizens.

- (i) Calculate the profits of the theatre under above three strategies each.
- (ii) Advise and give your comments on the above strategies and profits. Which price strategy or option would you advice, as an economist?

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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**MONETARY MANAGEMENT**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

Fill in the blanks :

1. Market where debt and stocks are traded and maturity period is more than a year is classified as \_\_\_\_\_
  - (a) shorter term markets
  - (b) capital markets
  - (c) counter markets
  - (d) long-term markets
  
2. The Rating System Given by RBI for the Banking Sector are called \_\_\_\_\_
  - (a) CAMELS
  - (b) BANK RATING
  - (c) RR
  - (d) SLR

3. The Nationalization of RBI was in the year \_\_\_\_\_
- (a) 1935                      (b) 1949  
(c) 1929                      (d) 1914
4. \_\_\_\_\_ helps RBI to manage liquidity conditions in the economy with banks having an avenue to surplus funds or avail funds
- (a) RR                      (b) SLR  
(c) CRR                      (d) None of above
5. In capital markets, major suppliers of trading instruments are \_\_\_\_\_
- (a) Government and corporations  
(b) Liquid corporations  
(c) Instrumental corporations  
(d) Manufacturing corporations

**Part B**

(5 × 4 = 20)

Answer **all** questions choosing either (a) or (b).

6. (a) What are SLR requirements of banks?
- Or
- (b) Describe Market Stabilization Scheme.
7. (a) Differentiate Primary and Secondary Markets.
- Or
- (b) Explain the various money market instruments.

8. (a) What is FSDC?

Or

(b) Explain NBFC and its regulations.

9. (a) What is clearing house?

Or

(b) What is financial inclusion?

10. (a) What are the credit control methods adopted by RBI?

Or

(b) Why is money market important?

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

11. (a) Describe the structure of money market in India.

Or

(b) What are the characteristics of a developed money market?

12. (a) Explain the evolution of Central Bank.

Or

(b) What are the main functions of banking department of RBI?

13. (a) Explain the regulatory and supervisory functions of RBI.

Or

- (b) Discuss the regulation of NBFCS.

14. (a) What are the development role of RBI in micro, small and medium enterprises development?

Or

- (b) Explain the functions of DICGC.

15. (a) Explain the monetary policy of RBI.

Or

- (b) Explain OMOs and LAF.

**Part D**

(1 × 10 = 10)

Compulsory.

16. Case study :

Commercial Paper (CP) is a short-term negotiable money market instrument used by Financial Institutions and Corporations to source funds from the public. The base rate system which came into force on July 1, 2010, in India brought about drastic changes in the Commercial Paper (CP) market in the country. Under this system, banks were not supposed to lend below the base rate. Market analysts noted, "The introduction of the so-called

base rate, below which no bank could lend since July 2010, would give a leg up to the commercial paper market in India. Corporations and Non-Banking Finance Companies (NBFCs) would prefer to utilize the CP for short-term funding needs". Under base rate system, the cost of commercial paper worked out to be cheaper than the bank borrowing rate as the borrowers were no longer in a position to negotiate on the lending rate with banks. The banking system had earlier been using the Prime Lending Rate (PLR) for the best rated customers. Borrowers often took undue advantage of the system and took loans for short-term periods at a minimal rate of interest. This led to a situation where the banks were forced to quote competitive, lower rates of interest to retain customers. This posed a serious threat to the profitability of the banks. Subsequently, RBI introduced the "Benchmark Prime Lending Rate System" (BPLR) in place of PLR. It made banks quote BPLR, based on its affordability of Notes 180 credit. The BPLR was arrived at after taking into account four important components like average cost of deposits, operating expenses, probable loan losses, and a profit margin. Despite these guidelines, the bargaining power of the well-rated borrower forced banks to quote sub-PLR/BPLR rates, to withstand the competition. About 70% of loans to well-rated companies were estimated to have been sanctioned at below PLR/BPLR rates. These practices were cutting into the profit of the banks. Keeping this in view, RBI

advised the banks to quote a base rate and to not finance any borrower below this rate. From the month of July 2010, the banks were not allowed to lend below the base rate. Since July 2010, the base rates quoted by the banks were in the range 8.5% to 9.5%. Hence, companies found it difficult to raise credit facilities at a lower rate of interest through the banking system. Commercial paper appeared to be a better alternate source of finance.

Is commercial paper a better alternate source of finance? Analyze.

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<b>632204</b>
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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**BANKING LAW**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

All questions carry equal marks.

1. Which of the following is the objective of IRDA?
  - (a) To regulate the stock exchange
  - (b) To protect the interest of and secure fair treatment to policy holders.
  - (c) To bring about speedy and orderly growth of the insurance industry
  - (d) Both (b) and (c)
2. Which of the following is not a subsidiary of RBI?
  - (a) National Housing Bank
  - (b) Deposit Insurance and Credit Guarantee Corporation
  - (c) IDBI
  - (d) NABARD

3. Which of the following institutions determines the rate of interest in the Call Money Market?
- (a) RBI
  - (b) Indian Banks Association
  - (c) Lenders and Borrowers
  - (d) Ministry of Finance, Government of India
4. In which of the following circumstances a banker can exercise the right of general lien?
- (a) Safe custody deposits
  - (b) Goods and securities entrusted to him in his capacity as a banker for securing a loan
  - (c) Securities left with the bank negligently
  - (d) Securities deposited by the customer as a trustee
5. Prevention of money laundering Act, 2002 came into effect
- (a) 2<sup>nd</sup> June 2002      (b) 17<sup>th</sup> January 2003
  - (c) 1<sup>st</sup> July 2005      (d) 15<sup>th</sup> August 2006

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

6. (a) State the objectives of SEBI.
- Or
- (b) Explain briefly the ancillary services rendered by a commercial bank.
7. (a) What are the procedures to be followed for getting license for banking companies in India?
- Or
- (b) Explain the powers of RBI to appoint additional directors in a banking company.
8. (a) Distinguish between Savings Account and Current Account.
- Or
- (b) What is CRR? State the need for maintaining CRR in banks.

9. (a) Who is a paying banker? Explain his rights.  
Or  
(b) Bring out the main difference between right of set-off and Banker's lien.
10. (a) What is securitization? Explain with examples.  
Or  
(b) What is Payment in due course? Describe its essential features.

**Part C** (5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

11. (a) Explain the various methods of credit control available to Reserve Bank India.  
Or  
(b) Discuss the various functions of SEBI.
12. (a) Explain the powers and duties of Board of Directors of banking companies.  
Or  
(b) "Effective corporate governance is critical to the proper functioning of the banking sector In India" — Comment.
13. (a) Who appoints Banking Ombudsman? Explain the procedures to be adopted for the redressal of complaints filed with him.  
Or  
(b) Enumerate various forms of liquid assets of a banking institution. Explain the significance liquid assets to the banker.
14. (a) Describe the duties and responsibilities of a collecting banker. Also highlight the statutory protection given to a collecting banker.  
Or  
(b) Explain the precaution to be taken by paying banker while making payment of his customer's cheques.

15. (a) Explain the main provisions of recovery of Debts due to Banks and financial Institutions Act, 1993.

Or

- (b) State the objectives and application of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

**Part D**

(1 × 10 = 10)

Compulsory

Case study

16. An advocate has 3 separate current accounts in your bank: (a) personal account, (b) office account; and (c) client account. In expectation of good balances in client's account, your bank had allowed him a clean advance of Rs. 25,000 in his personal account. For some reasons, the bank grew unhappy with this arrangement and therefore, recalled the advance. When the advocate failed to respond to the bank's notice to repay, it decided to take recourse against the other accounts for recovery of the outstandings balance of Rs. 25,000 in the personal account. The bank found that there was a credit balance of Rs. 15,000 in the client's account and also a credit balance of Rs. 2,000 in the office account. The advocate has also safe deposit locker in your bank in the joint names of himself and his wife, with operations by either or survivor. He had a fixed deposit of Rs. 5,000 maturing after 4 months. He had also left some shares with the bank of the approximate value of Rs. 3,000 with instructions to sell them at or above a fixed price. The shares were still lying unsold. Consider the recourse which the bank can have on the balances and securities, etc as detailed above for settlement of its dues in his personal account.

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**632205**

**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**FINANCIAL MANAGEMENT**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

All questions carry equal marks.

1. The risk which is concerned with marketability of an investment is called as:
  - (a) Volatility risk
  - (b) Credit risk
  - (c) Liquidity risk
  - (d) Inflation risk
  
2. Which of the following is not a source of short term working capital?
  - (a) Bank overdraft
  - (b) Cash credit
  - (c) Trade deposit
  - (d) Retained earnings

3. Who among the following proposed Net Income theory of capital structure?
- (a) David Durand
  - (b) Franco Modigliani
  - (c) James C. van Home
  - (d) Gordon
4. Which of the following techniques consider time value of money?
- (a) Payback method
  - (b) ARR
  - (c) NPV
  - (d) Both (a) and (b)
5. Which of the following models says that dividend policy is irrelevant for valuation of equity shares when the investment policy is given?
- (a) David Dodd model
  - (b) The Gordon model
  - (c) MM model
  - (d) Walter model

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

6. (a) Define financial Management.

Or

- (b) State the objectives of financial management.

7. (a) Define risk. List the various types of risks.

Or

(b) State the features of working capital.

8. (a) What is cost of capital?

Or

(b) What is operating leverage?

9. (a) Calculate payback period for a project which requires a cash outlay of Rs. 10,000 and generates cash inflows of Rs. 2,000, 4,000, Rs. 3,000 and Rs. 2,000 in the first, second, third and fourth year respectively.

Or

(b) Calculate the operating and financial leverage from the following information. Sales Rs. 50,000, variable costs Rs. 25,000, Interest Rs. 5,000, Fixed cost Rs. 15,000.

10. (a) A company's EPS is Rs. 8. It pays Rs. 3.20 dividend per share. Rate of profit on retained earnings of the company is 10%. The market capitalization rate for similar companies in the industry is 12%. What is the value of equity shares?

Or

(b) The following data relate to Murugan Ltd.

Earning per share Rs. 10

Capitalization rate 10%

Retention ratio 40%

Determine the price of the share under Gordon's model if the IRR is

(i) 15%

(ii) 10%

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

11. (a) Explain the managerial and operative functions of financial executive in an organization.

Or

- (b) “The objective of wealth maximization is superior to profit maximization” Do you agree? Substantiate your answer.

12. (a) List the major sources of long term finance. Examine the merits and demerits of debt financing.

Or

- (b) Explain the factors which determine working capital in a manufacturing company.

13. (a) A firm has 2,00,000 in short term debts at 5%; Rs. 4,20,000 par value of 8% debentures Selling at 4,00,000, yielding 10% ; and 10,000 equity shares selling at Rs. 60 per shares.

The tax rate applicable to the firm is 57%. Dividends are Rs.3 per share. The internal rate of return (r) that can be earned is 0.4 and the retention ratio is 0.25 Find out the Weighted average cost of capital using market value weights.

Or

- (b) Two firms Ramu and Co and Somu and Co are identical in all respects excepts for the debt equity mix. Firm Ramu and Co has issued 12% debentures of Rs.15,00,000. Firm Somu and Co has no debt. Both Ramu and Co and Somu and Co earn 30% before interest and taxes on their total assets of Rs. 20,00,000.

The tax rate is 50% and equity capitalization rate is 20%. Compute the value of the two firms using:

- (i) Net Income Approach  
(ii) Net operating Income Approach.

14. (a) A Limited Company is considering investing in a project requiring a capital outlay of Rs.2,00,000. Forecast of annual income after depreciation but before tax is as follows:

Year	Rs.
1	1,00,000
2	1,00,000
3	80,000
4	80,000
5	40,000

Depreciation may be taken as 20% on original cost and taxation at 50% of net income.

Calculate Pay – back method.

Discounted cash flow method taking cost of capital at 10%.

Present values of Re 1 received annually due at the end of the year for 5 years at 10% are given in the following table:

Years	1	2	3	4	5
D.f 10%	0.909	0.826	0.751	0.683	0.621

Or

- (b) What are the types of capital rationing? Explain the factors affecting capital rationing.
15. (a) What are the essentials of Walter's dividend mode!? Explain its limitations.

Or

- (b) Kumaran Industries Ltd. Has 50,000 equity shares of Rs. 10 each outstanding on January

The shares are currently quoted at Rs.20 in the market. The company intends to pay a dividend Rs.2 per share for the current calendar year. It belongs to a risk class whose appropriate capitalization rate ( $K_e$ ) is 15%. Using MM model and assuming no taxes, ascertain the price of the company's share.

- (i) When dividend is not declared
- (ii) When dividend is declared
- (iii) Also find out the number of shares to be issued to meet the investment needs of Rs. 6,20,000 if the net income is Rs. 3,00,000 and dividend is paid.

**Part D**

(1 × 10 = 10)

Case study

Compulsory.

16. Assume you are appointed as a Finance Executive in a Good luck company. From the following information prepare the working capital estimate for the company.
- (a) Issue of share capital                      Rs. 4,00,000  
5% debentures                                      Rs. 1,00,000  
Fixed assets at cost                                Rs. 2,50,000
- (b) The expense ratio of cost of selling price are:  
Raw materials                                      60%  
Labour    10%  
Overheads    20%  
Profit     10%
- (c) Raw materials are in stores for an average of 2 months. Finished goods are kept in warehouse for approximately 3 months.
- (d) Production during the previous year was 1,20,000 units and it is planned to maintain this level of activity in the current year also.
- (e) Each unit of production is expected to be in process for 1 month.
- (f) Credit given by the suppliers is 2 months and allowed to customers is 3 months.
- (g) Selling price is Rs. 5 per unit
- (h) There is a regular production and sale cycle.

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<b>Sub. Code</b>
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<b>632206</b>
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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**INTRODUCTION TO INSURANCE**

**(CBCS – 2019 onwards)**

Duration : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

All questions carry equal marks.

1. Which of the following statement is false?
  - (a) Insurance involves transfer of risk from the individual to the group
  - (b) There is a sharing of losses on some equitable basis
  - (c) Insurance deals with speculative risk
  - (d) Gambling creates risks
  
2. Which of the following does not come under life insurance category?
  - (a) Endowment
  - (b) Liability insurance
  - (c) Money back
  - (d) Pension

3. Which of the following insurance companies deals with export credit insurance?
- (a) ICICI pru
  - (b) ECGC
  - (c) Oriental Insurance Company Ltd
  - (d) LIC
4. Keeping the insured person, financially, in the same position, as he/she was before the loss comes under:
- (a) Principle of indemnity
  - (b) Principle of good faith
  - (c) Principle of subrogation
  - (d) Principle of insurable interest
5. Distribution of insurance products by banks is called as:
- (a) Direct marketing
  - (b) Internet marketing
  - (c) Bank assurance
  - (d) Retain chains.

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

6. (a) State the objectives of insurance.
- Or
- (b) Explain the principle of subrogation.
7. (a) What are the types of non-life insurance?
- Or
- (b) Bring out the features of fire insurance contract.
8. (a) State the objectives of IRDA Act, 1999.
- Or
- (b) Briefly explain the important powers of Insurance Regulatory and Development Authority.

9. (a) What is Insurable Interest? Explain the various modes of acquiring insurable interest.

Or

- (b) Write a note on principle of contribution.

10. (a) What are the types of marine insurance covers available in India?

Or

- (b) What are the major determinants of insurance pricing?

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

11. (a) Trace out the history of evolution of insurance in India. Explain the nature of insurance.

Or

- (b) Explain the importance and benefits of insurance to individuals, business units and the Society.

12. (a) What is life insurance? Explain its various types.

Or

- (b) What are the need for automobile insurance in India? Explain the types of motor insurance policies.

13. (a) Write a note on Insurance Regulatory and Development Authority.

Or

- (b) Who are the major players in insurance in their private sector in India? Examine their contributions to the growth and development of Indian economy.
14. (a) Explain methods of achieving indemnity in insurance? Bring out the exceptions to the application of indemnity.

Or

- (b) Explain the difference between assurance and insurance in view of principle of indemnity. Also discuss the financial principles of insurance.
15. (a) Describe the factors to be considered while marketing of insurance products. Explain with examples the marketing strategies adopted by Insurance players in India.

Or

- (b) What do you mean Insurance rating? Explain the various types of rating.

**Part D**

(1 × 10 = 10)

Case study Compulsory.

16. Mr. Oberoi was working with Mirasu Marketing as a sales representative. He was covered under a personal accident policy obtained by his employer through Oriental Insurance Co. On June 7 2004, Oberoi met with an accident, for which an FIR was registered at the Jalandhar police station. Oberoi suffered several injuries and was hospitalized for a week. Following discharge, he continued treatment, but suffered 50% disability. Oberoi lodged a claim of Rs1,85,000 with supporting documents such as bills, prescription slips, payment receipts etc. But the claim was neither settled nor rejected, prompting Oberoi to file a complaint before the Jalandhar district

forum against the insurance company and his employer. The employer refuted its liability as the policy was a contract between Oberoi and Oriental Insurance Co. The employer also questioned the jurisdiction of the Jalandar forum as Oberoi was working in Mumbai when the accident occurred. The insurance company stated that it could not decide on the claim as Oberoi had not submitted all necessary documents. The Forum held the insurance company liable to pay Rs. 1,85,000, while the employer was asked to pay 9% interest, Rs. 5,000 in compensation and Rs. 3,000 toward costs. The insurance company appealed to the Punjab State Commission; the employer did not. The state commission observed that the employer had failed to furnish relevant documents. It held the insurer and employer jointly and severally liable to pay Rs. 1,85,000.

Meanwhile, Mirasu Marketing amalgamated with Femcare Pharma, and later with Dabur. The state commission's order was challenged by Dabur before the national commission. The national commission observed that two documents not supplied: Oberoi's salary certificate and leave sanction order. While these may have been relevant to compute disability, they were irrelevant for reimbursement of medical expenses. All supporting documents had been submitted to substantiate the claim. The commission concluded that the conduct of the insurance firm asking for these documents for a medical reimbursement claim was unjustified and amounted to a deficiency in service. The commission further said the contract of insurance required the insurance company to make payment under the policy, so the employer could not be saddled with this liability. The state commission's order holding the employer liable for payment of the claim amount was set aside, and this liability was fastened on the insurance firm alone. The commission said the order of the District Forum directing the employer to pay interest, compensation and costs had not been challenged in

appeal. Since the employer had not appealed, this order had attained finality and could not be challenged. Dabur was held liable for interest payment, compensation and costs. Insurance firms must focus on documents relevant to decide the claim, and not harass consumers by asking for irrelevant documents and piecemeal information.

Questions:

- (a) What will be the impact of the case on the insurance sector?
  - (b) Discuss in detail the decision taken by Punjab State Commission with regarding the above case.
  - (c) Critically examine “Insurance firms must focus on documents relevant to decide the claim, and not harass consumers by asking for irrelevant documents and piecemeal information”.
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<b>R-4703</b>
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<b>Sub. Code</b>
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<b>632E04</b>
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**M.B.A. DEGREE EXAMINATION, APRIL 2021**

**Second Semester**

**Banking and Insurance**

**HEALTH INSURANCE**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

(Objective Type)

1. Which of the following intermediaries do not require IRDA's licence/approval to operate in India?
  - (a) Insurance Brokers
  - (b) Insurance Agents
  - (c) Third Party Administrators
  - (d) Surveyors
  
2. A nomination can be made only in favour of \_\_\_\_\_
  - (a) a bank
  - (b) spouse and children with guardian
  - (c) any individual
  - (d) parents, spouse and children

3. The IRDA was set up in \_\_\_\_\_
- (a) 1999
  - (b) 1991
  - (c) 2000
  - (d) 2001
4. \_\_\_\_\_ are the middlemen in the healthcare delivery chain in insurance sector.
- (a) surveyors
  - (b) loss assessors
  - (c) brokers
  - (d) TPAs
5. Health insurance can be availed by people aged between \_\_\_\_\_ and \_\_\_\_\_
- (a) 10 and 100
  - (b) 7 and 75
  - (c) 5 and 75
  - (d) 10 and 70

**Part B****(5 × 4 = 20)**

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

6. (a) Explain the declaration of health.

Or

- (b) List out the coverage's of health insurance policy.

7. (a) List out the various health financing models.

Or

- (b) What are the various challenges of access to Health Care?

8. (a) What are the various personal accident products?

Or

- (b) What are the features of overseas medical policy?

9. (a) What are the features of Data Warehousing with respect to health insurance?

Or

- (b) What are the objectives of Insurance Information Bureau?

10. (a) What are the importance principles of Health Insurance Policy?

Or

- (b) What are the various kinds of risks in health insurance?

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

11. (a) Explain the various features of Health Insurance Policy.

Or

- (b) Describe in details the procedure to be followed for buying health insurance policy.

12. (a) Explain the importance of National Rural Health Mission.

Or

- (b) What are the various challenges faced by Health insurance holders with respect to quality of service?

13. (a) List out the various types of health insurance products and its features.

Or

- (b) What are the various Insurance Products? Explain in detail.

14. (a) What are the fundamentals of pricing relating to health insurance?

Or

- (b) Explain the importance of and use of data in health insurance for insurers.

15. (a) Discuss in details various risk associated with health insurance.

Or

- (b) Describe in detail various health insurance regulations in India.

**Part D** (1 × 10 = 10)

Case study (Compulsory)

16. Until recently the health care industry was at the cross roads, still unsure which way to go. Today, it is in for exciting times. Low costs, combined with excellent facilities, have provided the perfect formula for India to become a major player in the \$2.8 trillion worldwide healthcare industry. Today the cost of healthcare in India

is only one-tenth the cost in the US in cases of major surgeries. With cost of providing healthcare low, and with global standards available, the world cannot compete with US. The cost of heart surgery at Apollo is \$2,500 as compared to \$30,000 in the US. Bone marrow transplants cost \$50,000 in India as against \$4,00,000 in US. India's attraction as a low cost, high-quality centre for healthcare may be new but the signs are visible. In 1998-99, Apollo Hospitals conducted heart surgeries on 91 patients from Tanzania. In Chennai, Apollo treats around 30 Sri Lankans a day. As many as 40 patients from Muscat are registered in Apollo hospitals and clinics in Delhi, Chennai and Hyderabad "Healthcare not only brings in direct purchase of health care, but it also encourages a lot of expenditure, on travel, lodging and boarding. Which, translated, means foreign exchange" And India has enough Embassies and Tourism Development Corporations to spread the message. However government policies, as they stand, are not conducive to more private participation in healthcare, when compared to neighbouring countries "Sri Lanka, offers a 100% customs duty exemption on all equipment for the hospital, medical or otherwise. And if the project cost were to exceed Rs.100 crore, the hospital would be eligible for a 12-year tax holiday" However such elaborate incentives are not necessary, though some basic

incentives need to be provided. The government does not provide any money to this sector, and it should not, it should act as a facilitator “Lot of foreign investors are keen on investing here, but are shying due to the lack of tax and other incentives”.

Design effective strategies to make India a low cost Health-care destination.

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**R5507**

**Sub. Code**

**632401**

**M.B.A. DEGREE EXAMINATION, APRIL –2021**

**Fourth Semester**

**Banking and Insurance**

**GENERAL INSURANCE**

**(CBCS – 2019 Onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

(Objective types)

Answer **all the** questions.

1. General Insurance Business was nationalized under
  - (a) General Insurance Business Nationalisation Act, 1971
  - (b) General Insurance Business Nationalisation Act, 1972
  - (c) General Insurance Business Nationalisation Act, 1973
  - (d) General Insurance Business Nationalisation Act, 1974
2. Uberrimae fidei means
  - (a) Principle of utmost good faith
  - (b) Principle of insurable interest
  - (c) Principle of indemnity
  - (d) Principle of subrogation
3. Cargo ship caught by fire is an example of
  - (a) Particular average loss
  - (b) Actual total loss.
  - (c) Constructive total loss
  - (d) General average loss

4. The Insurer who grants a guarantee from the direct insurer is called as
- (a) Indirect Insurer
  - (b) Guaranteed Insurer
  - (c) Re-Insurer
  - (d) Double Insurer
5. Pradhan Mantri Fasal Bima Yojana comes under
- (a) Travel Insurance
  - (b) Crop Insurance
  - (c) Health Insurance
  - (d) Personal Accident Insurance

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

6. (a) State some objectives of LPA (Loss prevention association of India limited).
- Or
- (b) Discuss the historical evolution of the general insurance business in India.
7. (a) What is proposal form with respect to Insurance.
- Or
- (b) Explain 'Certificate of Insurance' and 'Co-insurance'.
8. (a) What is Re-Insurance?
- Or
- (b) How does warranty work in marine insurance?
9. (a) What is motor insurance policy?
- Or
- (b) State some measures to minimize or control the loss in motor Insurance.

10. (a) What is Burglary Insurance?  
Or  
(b) What is plate glass Insurance?

**Part C** (5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

11. (a) Briefly explain the General Insurance Business Nationalization Act.

Or

- (b) State the powers and functions of IRDA.

12. (a) What is an Insurance Endorsement? How does it work?

Or

- (b) What is an Insurance cover note? How do they work?

13. (a) Explain the principles of Fire Insurance policies.

Or

- (b) What are the different types of Marine Insurance Policies? Explain.

14. (a) What are the steps involved in own damage claim?

Or

- (b) Explain the principles of Motor Insurance policies.

15. (a) Explain:

- (i) Crop Insurance
- (ii) Travel Insurance
- (iii) Arbitration in Insurance
- (iv) Crime Insurance

Or

- (b) Explain:
- (i) Aviation Insurance
  - (ii) fidelity guarantee insurance
  - (iii) personal accident Insurance
  - (iv) Baggage Insurance

**Part D** (1 × 10 = 10)

Case Study-(COMPULSORY)

16. Rajeev Chauhan had purchased a bus by taking a loan from Swami Financers. The bus was being used as a private service vehicle, and not as a public transport one. It was insured under a comprehensive insurance policy issued by United India Insurance. The bus met with an accident, for which insurance was claimed. The insurance company appointed its surveyor, who assessed the loss at Rs 1,26,500. However, the company deducted Rs 33,125 from the assessed amount, on the ground that the driver did not have an endorsement on his licence to drive a transport vehicle. Even this amount was not paid to Chauhan. but was directly paid to the financier.

Aggrieved, Chauhan filed a consumer complaint that ultimately reached the National Commission.

- (a) Should an insurance claim be paid to insured or financier? Why?
- (b) The practice adopted by insurance companies of directly paying to the financier, without informing the insured or without his consent. Is this justified? Why/why not?

**R5508**

**Sub. Code**

**632402**

**M.B.A. DEGREE EXAMINATION, APRIL – 2021.**

**Fourth Semester**

**Banking and Insurance**

**FINANCIAL SERVICES**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(5 × 1 = 5)

Answer **all** questions.

(Objective type)

1. \_\_\_\_\_ is regarded as the fourth element of the financial system.
  - (a) Financial services
  - (b) Financial markets
  - (c) Financial instruments
  - (d) Financial institutions
  
2. Formal merchant banking activity in India was originated in\_\_\_\_\_.
  - (a) 1978
  - (b) 1969
  - (c) 1769
  - (d) 1987

3. Which one of the following is not an advantage of investing in a closed-end funds?
- (a) Diversification
  - (b) Unrealised capital appreciation
  - (c) Reduced trading costs
  - (d) Large discounts from the net asset value
4. One difference between a financial lease and operating lease is that:
- (a) There is a often a call option in a financial lease
  - (b) There is often an option to buy in an operating lease
  - (c) An operating lease is often cancellable by the lessee
  - (d) A financial lease is often cancellable by the lessee
5. The three C's of credit are :
- (a) Character, capital and charity
  - (b) Character, capacity and charity
  - (c) Charity, capital and censor
  - (d) Character, capacity and capital

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

6. (a) Bring out the characteristics of financial services.
- Or
- (b) “The role of players is different in the Indian Financial System” - Comment on this statement.
7. (a) What is merchant banking? Discuss in detail the various functions performed by merchant bankers.
- Or
- (b) Identify the specialized services rendered by merchant bankers as regards ‘merger and acquisition’.

8. (a) Distinguish between an open ended fund and a close ended fund.

Or

(b) What is an AMC? What are its functions?

9. (a) Distinguish between operating lease and financial lease.

Or

(b) Explain the types of factoring.

10. (a) Discuss the process of selecting an investment in venture capital financing.

Or

(b) Distinguish between credit cards and debit cards.

**Part C**

(5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

11. (a) Trace the history and development of financial services market in India.

Or

(b) “An efficient financial system is an absolute necessity for achieving accelerated economic development” - Justify.

12. (a) Give a detailed account of the regulatory framework available for merchant banking activity in India.

Or

(b) Discuss the role of merchant banks in the promotion and development of industry in a country.

13. (a) Discuss the regulatory framework for mutual funds in India.

Or

(b) What are the functions of AMFI? Does it really have a role in effective functioning of mutual funds in India?

14. (a) Distinguish between factoring and forfeiting.

Or

(b) Explain the rights of hirer.

15. (a) Why do banks move loans off their balance sheets? What are the motivations for and risks involved in off-balance sheet transactions of banks?

Or

(b) Discuss the problems faced by consumer financing.

**Part D**

(1 × 10 = 10)

Case Study (Compulsory)

16. The table below shows the results recorded by five mutual funds. The market return is 20 percent with 9 percent standard deviation. The risk-free rate of return is 5 percent. Rank the funds using Sharpe's method. Will the ranking be different if they are measured according to Treynor's method? Have any of these funds outperformed the market? If so, why?

Performance of Five Mutual Funds

Funds	Average annual return (%)	Standard deviation (%)	Correlation with the market
X	13.5	7	0.5
Y	15	9	0.7
Z	22	12	0.8
A	25	10	0.9
B	10	5	0.3

**R5509**

**Sub. Code**

**632403**

**M.B.A. DEGREE EXAMINATION, APRIL – 2021**

**Fourth Semester**

**Banking and Insurance**

**MARKETING OF BANKING SERVICES**

**(CBCS – 2019 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Part A**

**(5 × 1 = 5)**

Answer **all** questions.

(Objective Type)

1. \_\_\_\_\_ refers to different classes of products and services.
  - (a) Product Mix
  - (b) Distribution Mix
  - (c) Communication Mix
  - (d) Marketing Mix
  
2. The services have moved from separate counters for each service to a single counter, where in any customer can walk into any counter for a variety of services, this system is known as
  - (a) Single Window System
  - (b) Poly window System
  - (c) Double Window System
  - (d) Multiple Service System

3. Price in four Ps of marketing mix is equal to
- (a) Cost to the customer
  - (b) Communication
  - (c) Convenience
  - (d) Customer's need and want
4. Promotion is the exercise of communicating the properties of different elements of marketing mix to the customers with the motto of influencing them. This involves the following aims:
- (a) Persuasion            (b) Inform
  - (c) Reminding            (d) Reinforcing
5. \_\_\_\_\_ is the study of the use of physical evidence to create service environments and their influence on the perceptions and behaviours of individuals.
- (a) Ergonomics
  - (b) Environmental psychology
  - (c) Physics
  - (d) Physical sociology

**Part B**

(5 × 4 = 20)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

6. (a) Discuss the relevance of marketing in banking.
- Or
- (b) Explain the features of modern marketing.
7. (a) What are the factors to be considered while locating a bank branch?
- Or
- (b) Explain the mechanics of operation of Automatic Teller Machines.

8. (a) Discuss the need for new products in banking.

Or

(b) Discuss the constraints in product development.

9. (a) How the direct marketing is effective in banking industry?

Or

(b) Explain the significance of customer relationship management.

10. (a) Why selection and motivation of marketing employees are very important to a bank?

Or

(b) What do you mean by procedure in Bank marketing? Explain its significance.

**Part C** (5 × 8 = 40)

Answer **all** questions, choosing either (a) or (b).

All questions carry equal marks.

11. (a) As a banker, how would you analyse the marketing environment.

Or

(b) Describe the marketing mix for the banking services.

12. (a) Explain the advantages of automatic teller machine to the users and banks.

Or

(b) Explain the factors affecting the rates of interest in banks.

13. (a) Elaborate the process of product development in banking.

Or

- (b) What are the technology based products in banking? How they can be successfully implemented?

14. (a) Explain the significance of social banking.

Or

- (b) How the customer complaints can be addressed in the banks?

15. (a) Explain the opportunities and challenges for banks in marketing.

Or

- (b) How the marketing can be made at branch level for a bank?

**Part D**

(1 × 10 = 10)

Case Study (Compulsory)

16. Develop an effective marketing strategy for a Public Sector Bank of your choice.

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