

R8069

Sub. Code

632201

M.B.A. DEGREE EXAMINATION, APRIL – 2023

Second Semester

Banking and Insurance

INDIAN FINANCIAL SYSTEM

(CBCS – 2022 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 1 = 10)

Answer **all** questions.

1. Which of the following is not a financial service?
(a) Hire-purchase (b) Book building
(c) Credit rating (d) None of the above
2. Letter of credit is a
(a) Financial market product
(b) Financial instrument
(c) Financial institution
(d) All of the above
3. _____ market is a collective name given to all the institution that one dealing in short-term funds.
(a) Primary (b) Secondary
(c) Money (d) Capital

4. Glit-edged market refers to
- (a) Primary market
 - (b) Secondary market
 - (c) Equity market
 - (d) Government securities market
5. Keeping a certain percentage of gold and foreign currency for backing the entire note issue is a principle of
- (a) Currency principle
 - (b) Banking principle
 - (c) All of the above
 - (d) None of the above
6. Which of the following is not traditional functions of RBI?
- (a) Branch Expansion
 - (b) Issue of currency
 - (c) Banker's bank
 - (d) Credit control measures
7. Right to buy an underlying asset is known as _____ option in derivatives.
- (a) Put
 - (b) Call
 - (c) Equity
 - (d) Index
8. Coupon payments made against
- (a) Shares
 - (b) Derivatives
 - (c) Index
 - (d) Debt-instruments
9. Which of the following is a process by which a financial institution create additional liquidity on the backing of the existing assets?
- (a) Securitisation
 - (b) Housing loan
 - (c) Factoring
 - (d) Credit rating

10. Bharat Petroleum SBI credit card is an example of
(a) Standard card (b) Platinum card
(c) Affinity card (d) Smart card

Part B (5 × 5 = 25)

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

11. (a) State the role of financial system in the economic development of a country.

Or

- (b) Discuss the types of financial markets.

12. (a) State the features of money market.

Or

- (b) List out the functions of capital market.

13. (a) What are the functions of SEBI?

Or

- (b) Write about selective credit control.

14. (a) Describe the types and features of shares.

Or

- (b) Explain the types of derivatives.

15. (a) What are the types of credit cards?

Or

- (b) State the role of credit rating agencies.

Part C

(5 × 8 = 40)

Answer any **five** questions.

16. Discuss the components of a formal financial system.
17. Describe the impact of international financial crisis on Indian Financial System.
18. Elucidate the functions of primary and secondary markets for shares in India.
19. Explain the functions of a central bank.
20. Discuss how demonetisation has changed the financial system in India.
21. Explain the different schemes of mutual funds operated in India.
22. Write short notes on :
 - (a) Global depositary receipts
 - (b) Certificate of deposits
 - (c) Commercial paper
 - (d) ADRs.
23. Discuss the difference between hire purchase and leasing.

R8070

Sub. Code

632202

M.B.A. DEGREE EXAMINATION, APRIL – 2023

Second Semester

Banking And Insurance

LEGAL AND REGULATORY ASPECTS OF BANKING

(CBCS – 2022 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 1 = 10)

Answer **all** questions.

1. Where is the current account of all other banks are maintained?
 - (a) Finance Ministry
 - (b) RBI
 - (c) State Bank Of India
 - (d) World Bank
2. Which of the following controls the Insurance business in India?
 - (a) RBI
 - (b) SEBI
 - (c) IRDAI
 - (d) LIC
3. In July 2022, RBI has approved the merger of which Bank with its parent company?
 - (a) ICICI Bank
 - (b) HDFC Bank
 - (c) SBI bank
 - (d) Bank Of Baroda Bank

4. The board of Directors must ensure that the company's corporate governance policies incorporate _____
- (a) Corporate strategy
 - (b) Risk Management
 - (c) Ethical business practices
 - (d) All of the above
5. Who would be the Appellate Authority under the Integrated Ombudsman Scheme, 2021?
- (a) Governor
 - (b) Deputy Governor
 - (c) Executive Director
 - (d) CGM
6. Which agency regulates the money supply in India?
- (a) The Government of India
 - (b) Commercial banks
 - (c) Reserve Bank of India
 - (d) None of the above
7. The safest form of crossing is _____
- (a) General Crossing
 - (b) Special Crossing
 - (c) Double Crossing
 - (d) A/C Payee Crossing
8. The relationship between a banker and its customer is basically that of _____
- (a) A debtor and a creditor
 - (b) A trustee and the beneficiary
 - (c) A Principal and an agent
 - (d) None of these

9. Whoever commits the offence of money – laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to?
- (a) Three Years
 - (b) Five Years
 - (c) Seven Years
 - (d) Ten Years
10. Section 10 of the Recovery of Debt and Bankruptcy Act 1993 deals with _____?
- (a) Term of office of presiding officer
 - (b) Jurisdiction, powers, and authority of Tribunals
 - (c) Qualifications for appointment as Chairperson of the Appellate Tribunal
 - (d) Deposit of the amount of debt due, on filing appeal.

Part B (5× 5 = 25)

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

11. (a) What do you mean by Banking? Explain the features of Banking.
- Or
- (b) What are the objectives of SEBI?
12. (a) Write a note on corporate Governance.
- Or
- (b) Explain the paid up capital and reserve of Banks.
13. (a) What is the role of Banking ombudsman?
- Or
- (b) Who controls and supervise the payment system?

14. (a) How is the secrecy of the customers account maintained?

Or

- (b) Explain the importance of crossing of cheque.

15. (a) Discuss about money laundering act.

Or

- (b) How are the debts recovered due to Banks?

Part C

(5 × 8 = 40)

Answer any **five** questions.

16. What are the functions of RBI?
17. Discuss the procedure for licensing of Banks.
18. How is the interest rate regulated? Explain.
19. What are the duties and responsibilities of a collecting Banker?
20. Discuss in detail about cheque Truncation System.
21. How the management of RBI is constituted?
22. Explain briefly the banking related laws.
23. Discuss the role of banks in the economic development of a nation.

R8071

Sub. Code

632203

M.B.A. DEGREE EXAMINATION, APRIL – 2023

Second Semester

Banking and Insurance

FOREIGN EXCHANGE AND TRADE FINANCE

(CBCS – 2022 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 1 = 10)

Answer **all** questions.

1. According to FEMA 1999, _____ principally controls the movement of foreign exchange of the country.
(a) SEBI (b) RBI
(c) Finance ministry (d) Ministry of external affairs
2. _____ refers to account that a bank holds in a foreign currency in another bank.
(a) Nostro (b) Vostro
(c) Loro (d) Swift
3. _____ option given the right to the holder to buy the underlying currency.
(a) Put (b) European
(c) Call (d) American

4. Delivery and settlement happens on the same day of transaction in known as
- (a) Swap transaction
 - (b) Forward transaction
 - (c) Future transaction
 - (d) Spot transaction
5. Which of the following will income the bank against any fluctuation in the currency rate?
- (a) Trading deal (b) Swap deal
 - (c) Cover deal (d) Cash deal
6. _____ deal in a transaction in which the bank buys and sells the specified foreign currency simultaneously for different maturities.
- (a) Swap (b) Trading
 - (c) Cover (d) Cash
7. Which of the following in the example of transport documents used in foreign trade?
- (a) Airway bill (b) Bill of leading
 - (c) Postal receipt (d) All of the above
8. Which of the following agency is responsible for administering laws regarding foreign trade and investments in India?
- (a) WTO
 - (b) ADB
 - (c) Ministry of finance
 - (d) DGFT

9. Short-term loan to an importer by an overseas lender for the purchase of goods or services
- (a) Lines of credit (b) Corporate banking
- (c) Buyer's credit (d) Project finance
10. ECGC is owned by
- (a) RBI
- (b) SEBI
- (c) Ministry of Commerce and Industry
- (d) Ministry of finance

Part B

(5 × 5 = 25)

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

11. (a) Explain about different foreign currency accounts.
- Or
- (b) How FEMA, 1999 in regulating foreign exchange in India?
12. (a) State the features of spot and forward transaction.
- Or
- (b) Discuss two way quotation with suitable illustration.
13. (a) Explain interbank transactions in foreign exchange.
- Or
- (b) List out the dealings position.

14. (a) Write about pre-shipment credit.

Or

(b) Chalk-out the concept of LC.

15. (a) State the meaning of Buyer's credit and lines of credit.

Or

(b) List out the functions of ECGC Ltd.

Part C

(5 × 8 = 40)

Answer any **five** questions.

16. List out the functions of a foreign exchange department of a commercial bank.

17. What are the features of forward exchange contracts?

18. Explain the principal types of buying and selling rates.

19. List out the factors influencing exchange rates.

20. Elucidate the role of cleaning house and cleaning corporations in settlement of forex.

21. Explain the procedure for opening on LC.

22. What are the services rendered by ECGC Ltd?

23. How EXIM bank promotes foreign trade in India?

R8072

Sub. Code

632204

M.B.A. DEGREE EXAMINATION, APRIL – 2023

Second Semester

Banking and Insurance

PRINCIPLES AND PRACTICE OF LIFE ASSURANCE

(CBCS – 2022 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 1 = 10)

Answer **all** questions.

1. The whole-life plans in India _____.
 - (a) Pay death benefits only whenever it occurs
 - (b) Pay death benefits after retirement
 - (c) Pay policy benefits after the person attains a certain age, say 80-85 years
 - (d) Pay death benefits after payment of first premium

2. The insurance plays a role in the economic development of the country in following Ways
 - (a) Releases capital for new investments
 - (b) The job potential increases
 - (c) Money collected is invested in infrastructure
 - (d) All of the above

3. Which among the following is not a pure risk?
- (a) Personal risk
 - (b) Property risk
 - (c) Loss of income risk
 - (d) Strategic risk
4. _____ provides guidelines to decide whether the loss is caused by an insured peril or an expected peril.
- (a) Indemnity (b) Proximate clause
 - (c) Standard claims (d) Trip sheet
5. What is the standard length of the grace period under a life insurance policy?
- (a) 31 days (b) 40 days
 - (c) 50 days (d) 10 days
6. If a policy holder dies within a grace period _____
- (a) Claim will be rejected
 - (b) Claim will be paid subject to policy conditions
 - (c) Claim is payable after deducting the premium
 - (d) None of the above
7. The cash value of the policy, paid by the company upon the surrender of a policy before it becomes payable by maturity is known as
- (a) Premium (b) Cash surrender value
 - (c) Consideration (d) Commission
8. The period of time for which the policy will normally remain in existence is known as _____
- (a) Policy term (b) Policy note
 - (c) Proposed time (d) Grace time

9. If a life insured has died a few days before the date of maturity, but after signing discharge from, to whom should the claim be paid?
- (a) Surviving heirs
 - (b) Nominee
 - (c) The policy holders bank account
 - (d) Any of the above three above mentioned
10. _____ is the policyholder who transfers the title of the policy.
- (a) Assignee (b) Nominee
 - (c) Assignor (d) Consignee

Part B

(5 × 5 = 25)

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

11. (a) What are the provisions of Married Women's Property Act 1874?

Or

- (b) What is an Endowment Plan?

12. (a) What are the factors affecting Risk?

Or

- (b) What are the factors affecting premium?

13. (a) What are the consequences of lapsation?

Or

- (b) What is proviso in insurance?

14. (a) What are the features of assignment?

Or

- (b) What is a surrender value?

15. (a) What is an non early claim?

Or

(b) What are the benefits available in case of accident death?

Part C

(5 × 8 = 40)

Answer any **five** questions.

16. Explain the penetration of life Assurance in the Indian Market.
17. Discuss the methods of risk classification.
18. What are the suggestions to improve the lapsed conditions?
19. Discuss about Insurance repository services.
20. Examine the various policy claims in detail.
21. What is Revival policy? Explain the Requisites of revival policy.
22. Briefly explain the advantages of Insurance.
23. Explain the procedure for issuing the life insurance policy.

R8073

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632205

M.B.A. DEGREE EXAMINATION, APRIL – 2023

Second Semester

Banking and Insurance

FINANCIAL MANAGEMENT

(CBCS – 2022 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 1 = 10)

Answer **all** questions.

1. Financial management is mainly concerned with
 - (a) arrangement of funds
 - (b) all aspects of acquiring and utilising financial resources for firm's activities
 - (c) efficient management of firms
 - (d) ensuring financial discipline in the organisation

2. A stream of uniform periodic cash flows is known as _____
 - (a) single payment
 - (b) compound value
 - (c) annuity
 - (d) time value

3. Which of the following financial instrument represents ownership of capital?
 - (a) Debentures
 - (b) Bonds
 - (c) Fixed deposits
 - (d) Equity shares

4. _____ carries a fixed rate of interest payments.
- (a) equity shares (b) preference shares
(c) debentures (d) options
5. _____ refers to the mix of sources from where the long term funds required in a firm.
- (a) Financial structure
(b) Capital structure
(c) Investment structure
(d) Working capital
6. Combined effect of financial and operating leverage is known as
- (a) EBIT (b) EPS
(c) Indifference point (d) Combined leverage
7. Which of the following decision criteria is incorrect?
- (a) Accept the project if $NPV > 0$
(b) Reject the project if $NPV > 0$
(c) Accept the project if $PI > 1$
(d) Accept the project if $r > k$ in IRR
8. CAPM explains how _____ prices are formed in the market place.
- (a) Asset (b) Investment
(c) Market (d) Derivative
9. Which of the following is not a current Asset?
- (a) Inventory (b) Cash
(c) Land (d) Debtors

10. Investing only in current assets is known as
- (a) Gross working capital
 - (b) Networking capital
 - (c) Investment decision
 - (d) Working capital decision

Part B

(5 × 5 = 25)

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

11. (a) Describe the three broad areas of financial decision making.

Or

- (b) An investor has two options to choose from
(i) Rs. 6,000 after one year (ii) Rs. 9,000 after 4 years. Assuming a discount rate of (1) 10% and (2) 20% which alternative should he opt for?

12. (a) Write about different types of debentures.

Or

- (b) Explain the features of term loans.

13. (a) Give a critical appraisal of the M-M approach to the theory of capital structure.

Or

- (b) A company issued 1000 shares of Rs. 100 each, the floating cost is 5%. The company pays dividend per share at Rs. 10. It is expected the growth rate will be 5%. Calculate the cost of equity.

14. (a) Discuss briefly the NPV method of evaluation of projects.

Or

- (b) Explain the meaning of each component of CAPM equation.

15. (a) Explain the concepts and components of operating cycle of a manufacturing firm.

Or

- (b) Describe the purpose and role of inventory in working capital.

Part C (5 × 8 = 40)

Answer any **five** questions.

16. Evaluate the goals of financial management.
17. Explain the different sources of long term finance.
18. Describe the factors affecting capital structure of a firm.
19. A firm issues debentures of Rs. 1,00,000 and realises Rs. 98,000 after allowing 2% commission to brokers. The debentures carry an interest of 10%. The debentures are due for maturity at the end of 10th year. Tax rate is 55%. Calculate the cost of debt after and before tax.
20. Calculate operating and financial leverage from the following particulars.
Units sold - 5,000, selling price per unit - Rs. 30 variable cost per unit Rs. 20, EBIT Rs. 30,000. 10% public debt Rs. 1,00,000.
21. Project 'M' initially costs Rs. 50,000 it generates the following cash flows from year 1 to 5 respectively; Rs. 18,000, Rs. 16,000, Rs. 14,000, Rs. 12,000, Rs. 10,000.
Taking cut-off rate as 10%, suggest whether the project should be accepted or not based on
(a) NPV method
(b) Profitability index method.
22. List out the determinants of working capital.
23. Explain the various inventory management techniques.