

Instructions :

1. All questions are compulsory.
2. Figures to the right indicates marks.
3. Answer every question in a new page.
4. Illustrate your answers wherever necessary with suitable examples.

Q.1 a) Discuss in detail Primary Functions of Commercial Bank. [8]

b) Differentiate between Life Insurance and Non-Life Insurance. [7]

OR

Q.1 a) Discuss the procedure for settlement of claims under life insurance policy. [8]

b) Define NPA and classify them in detail. [7]

Q.2 a) Discuss the major recommendations and implementations of the 1st Narsimhan Committee. [8]

b) Define a central bank and discuss the background of the Reserve Bank of India. [7]

OR

Q.2 a) State and explain various types of fund based financing facilities by banks. [8]

b) Explain the types of Marine Insurance policies. [7]

Q.3 a) Case study.

Insider Trading.

Insider trading is a trading in security or commodity on the basis of inside information, that is, information about the organisation which is available to people belonging to that organisation.

Different countries have laws or code of conduct to deal with the problem of insider trading. The USA and UK have comprehensive laws and regulating bodies to make sure that insider trading is not practised and if it is practiced then the culprit is punished. Countries like West Germany have a voluntary code of conduct to be followed by stock exchange dealers and banks to keep insider trading to the minimum.

The US congress has made strong restrictions on insider trading by giving

In UK, the companies Act, the company securities Act, 1985 and the financial services act, contain comprehensive provisions to prevent insider trading. A individual is not supported to deal in a recognised stock exchange in the listed stock of the company with which he is or has been associated during the earlier six months, and due to his connection possesses price sensitive information relating to stocks.

Questions :

1. According to you, among the two countries, Germany and USA, which country has strong laws to check insider trading. [3]
2. What is insider trading? [2]
3. How has UK tried to prevent and check insider trading? [3]

b) Case study.

I) "Mr T" is a holder of life insurance policy of his life. "Mr. T" nominates "Mr. A" as his nominee on the date of maturity of life policy both "Mr. T" and "Mr. A" claim the policy amount, who will get the policy amount and why? Discuss the types of life insurance policy options. [5]

II) "Mr. M" is a holder of a life insurance policy on his life. Mr. "M" nominated "Mr. K" as his nominee. Later, he cancelled "Mr. K's" nomination and nominated "Mr. G" as his nominee. "Mr. M" Dies on the date of maturity, both "K" and "G" claim insurance money? Who will get the insurance amount and why? [2]

OR

Q.3 a) Case Study :

Damjibhai has insured his property for Rs. 2,00,000 with Oriental Insurance company. He also insured the same property with New India Insurance Company for Rs. 3,00,000. Both the policies are in force. A fire took place in the premises and property worth Rs. 2,00,000 was destroyed. He made claims of Rs. 2,00,000 each with both the companies.

As a manager of New India Insurance Company would you sanction the claim? If yes how much? State and explain the principle applicable in this case if any.

b) Case Study :

Ramesh is a Sales executive, working for a fixed amount of monthly salary.

His wife, Rajni is a primary school teacher. They intend to buy a house after three years for which they require an accumulated amount to be paid

Rajni suggests to open savings account, whereas Ramesh suggests Recurring deposit account.

- i) You advise them the account they should opt for with reasons amongst the two deposit accounts. [6]
- ii) Can an individual have more than one Recurring deposit account in the same bank. [1]

Q.4 Write short note on : [15]

- 1) Principle of Insurable Interest
- 2) Housing Finance Companies
- 3) E-Banking transactions

OR

Q.4 Write short notes on : [15]

- 1) Chit fund Companies
- 2) Bank Assurance
- 3) Investment Banking

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The US congress has made strong restrictions on insider trading by giving power to the Securities Exchange Commission (SEC) to take a triple penalty