Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_

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**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **18MS3014** | **Duration :** | **3hrs** |
| **Sub. Name :** | **MANAGING BANKS AND FINANCIAL INSTITUTIONS** | **Max. Marks :** | **100** |

**ANSWER ANY FIVE QUESTIONS (5 x 20= 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1 | a | Discuss any two banking reforms introduced by Narasimham committee. | CO1 | 8 |
| b | Elucidate the BASEL norms. | CO1 | 5 |
| c | Explain technology based banking. | CO1 | 7 |
|  |  | **(OR)** |  |  |
| 2. | a. | What are capital adequacy norms for commercial banks? | CO1 | 8 |
| b. | Write a note on retail credit in banking sector. | CO1 | 12 |
|  |  |  |  |
| 3. | a. | Write short notes on; |  |  |
|  | 1. Banking Ombudsman. | CO6 | 5 |
|  | 1. Letter of Credit. | CO4 | 5 |
| b | Explain the subsidiary services rendered by banks. | CO6 | 10 |
|  |  | **(OR)** |  |  |
| 4. | a. | Differentiate between Pre sale and Post sale credit. | CO2 | 10 |
| b. | What is Loan Syndication? | CO2 | 5 |
| c. | Write a note on Credit Appraisal. | CO2 | 5 |
|  |  |  |  |  |
| 5. | a. | What is Re-insurance? | CO5 | 5 |
| b. | Explain the Principles of Insurance. | CO5 | 8 |
| c. | What do you mean by Bank assurance? | CO5 | 7 |
|  |  | **(OR)** |  |  |
| 6. | a. | Discuss the role of IRDA in the Insurance sector. | CO3 | 10 |
| b. | Explain the different types of Insurance Policies. | CO3 | 10 |
|  |  |  |  |  |
| 7. | a. | Enumerate the process of Capital Formation. | CO3 | 10 |
| b. | Discuss the functions of Industrial Reconstruction Bank of India. | CO6 | 10 |
|  |  | **(OR)** |  |  |
| 8. |  | Elucidate the development of financial institutions and its impact on the Economic Growth. | CO6 | 20 |
| 9. |  | **COMPULSORY QUESTION:** |  |  |
|  | Risk management in banking is theoretically defined as “the logical development and execution of a plan to deal with potential losses”. Usually, the focus of the risk management practices in the banking industry is to manage an institution’s exposure to losses or risk and to protect the value of its assets. In general banking business is regarded as risky business. Economic theory suggests that there are two economic units - surplus unit and deficit unit - and these economic units prefer to use financial institutions (intermediaries) to transfer the necessary funds to each other. Certainly, this process increases the importance of the financial intermediaries in the economy, but also poses some risks to these institutions. Economic units 2 usually prefer to use intermediaries because of the problems associated with asymmetric information. In order to solve the asymmetric information problems, institutions are recruiting skilled employees and systems, that is why the scarce sources of funds are now used more effectively by units in the economy. Therefore, the funds are channelled to the most valuable projects that are beneficial to the economy. However, this process of channelling funds from one unit to another naturally has some inherent risks within the process. Banks are usually managing those risks as part of their normal operations. The risk management process in banking raises various questions. These issues highlight the importance of having risk management practices in banking. |  |  |
| a. | Bring out the Risk Management process. | CO2 | 10 |
| b. | Can Actuaries redefine the risk management in banking? | CO2 | 10 |