



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION



MBA Sem- 4
MM: 50 Marks

Course: Banking and Insurance Management

Time: 3 Hours

Subject code: MBA FM 05

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. The passage of the Insurance Laws (Amendment) Bill, 2015 by the Rajya Sabha on March 12, 2015 has been hailed as a victory of the reforms process. What are the significant changes proposed by the Bill and why are they expected to give a major boost to the insurance sector?

(10 marks)

Q2. Risk management is an integral part of bank management. What are the different types of risks faced by banks? Explain the nature and significance of each type of risk with the help of examples.

(10 marks)

Q3. The problem of non-performing assets (NPAs) poses a serious challenge to banks. What are the criteria for identification and classification of NPAs? What steps have been taken to contain NPAs in Indian commercial banks?

(10 marks)

Q4. (a) In the context of insurance, explain the role and significance of the problem of adverse selection.

(05 marks)

(b) In the context of banking, explain how the Six Sigma methodology may have a positive impact on the quality of services.

(05 marks)

Q5. Write short notes on

(a) Reinsurance

(05 marks)

(b) CAMELS

(05 marks)

P.T.O.

Section B

Q6. Read the news report given below and answer the following questions:

- (a) Explain why the capital requirements of public sector banks may exceed the earlier estimate of Rs 2.4 trillion.

(05 marks)

- (b) What are Basel-III norms? How are they different from Basel-I and Basel-II norms?

(15 marks)

Public sector banks' Basel-III needs to overshoot Rs 2.4 trillion estimate

Reserve Bank Deputy Governor S S Mundra today said that state-run banks' capital needs to comply with Basel-III regulations may overshoot the earlier estimate of Rs 2.4 trillion, and also expressed reservations about the move to infuse funds in banks selectively.

"As we move towards the Basel-III framework, may be in a year or two from now, the requirement will keep on increasing and certainly there would be enhanced capital requirement," Mundra told reporters on the sidelines of an event here.

He said the RBI had earlier estimated a capital requirement of Rs 2.40 lakh crore for state-run banks which was done on a 15 per cent growth in risk weighted assets during the period till FY19, by when the migration to Basel-III has to be completed.

However, with expectations of faster growth, the credit growth will come at 16-17 per cent, higher than what was envisaged earlier, he said.

The public sector banker-turned-central banker Mundra said selective allocation of capital by the government to state-run banks would only "aggravate" the problems they face.

"To deprive them of capital at this point of time, I think, would only aggravate the problem and would also have implication on growth," he said.

(Source: The Economic Times, February 26, 2015)