F.Y.B. Com (Banking & Insurance) Semester - II
Subject: Principle and Practices of Banking and Insurance
Date: 07|03|25   **Duration: 2 hours**   Marks: 60 marks

Instructions for the candidate:

1. This question paper contains <u>02</u> pages
2. Q.1 is Compulsory.
3. Attempt any 3 from Q. 2 to Q.6.
4. Answers to each new question should begin on a fresh page.
5. Figures on the right-hand side indicate full marks.
6. Use of simple calculator is allowed.

Q 1   **Case Study based on Classification of Banks: -**   **15 M**

Mr. Arun Kumar is a small entrepreneur based in a rural area of India. He owns a small manufacturing unit that produces handmade pottery. Despite his best efforts, he faces challenges in accessing sufficient financial resources to expand his business. He also has limited knowledge about various financial products and banking services.

Mr. Arun Kumar approaches his local Co-operative Bank for a loan to purchase new equipment for his pottery business. The bank offers him a loan at a lower interest rate than commercial banks, focusing on his long-term growth rather than immediate profits. Additionally, the bank helps him understand the importance of savings and offers him various deposit products to help secure his future.

In addition to the loan, the Regional Rural Bank (RRB) operating in his area introduces him to several government-backed schemes, such as the Kisan Credit Card (KCC) and Pradhan Mantri Jan Dhan Yojana (PMJDY), which offer affordable credit to rural entrepreneurs like Mr. Kumar. The RRB also provides him access to basic financial services like microfinance and savings accounts to support his business and personal growth.

Arun also realizes that, if needed, he can avail of support from Development Banks like SIDBI and NABARD, which are designed to promote small industries and rural development. These banks offer financial products tailored to entrepreneurs looking to expand their operations or modernize their business.

Through his interaction with these banks, Mr. Kumar understands how different types of banks cater to distinct needs. From Co-operative Banks that provide low-cost loans to Development Banks focusing on industrial growth, each institution plays a vital role in his business's financial ecosystem.

Answer the following questions: -

1. How can a Co-operative Bank help Mr. Arun Kumar with his business?
2. What services does a Regional Rural Bank (RRB) offer to rural entrepreneurs like Mr. Kumar?
3. What are the benefits of Development Banks like SIDBI and NABARD for small business owners?

Q 2	Answer the following	8 M
A	Define Banking. Explain Evolution of Banking System.	7 M
B	What is Mobile Banking? Explain its features.	

Q 3	Answer the following	8 M
A	Elaborate the Riders in Insurance Plan.	7 M
B	Explain the Appointment Procedure of Actuaries in India.	

Q 4	Answer the following	8 M
A	Discuss the Need & Importance of Banks.	7 M
B	Explain determinants of Risk Premium in Insurance Sector.	

Q 5	Answer the following	8 M
A	What is Financial Inclusion? Explain its features.	7 M
B	Explain the functions of IRDAI.	

Q 6	Answer the following	5 M
A	Actuaries in Insurance.	5 M
B	Motor Insurance.	5 M
C	Cheque Truncation System.	

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Q1	Following is the balance sheet of RK Ltd.				10 marks

Liabilities	₹	Assets	₹
Share Capital:		Land and Building	2,00,000
Equity shares of Rs.10	4,00,000	Plant and Machinery	4,00,000
Reserves and Surplus	3,00,000	Debtors	2,00,000
10% Bank Loan	2,00,000	Stock	1,50,000
Creditors	1,00,000	Cash in hand	50,000
	10,00,000		10,00,000

The Company decides to buy back the maximum number of equity shares as may be permitted by law at a price of ₹20 per share, being the current market price.

Q2	Answer the following	

A	Calculate yield value per share from the following information	5 marks

Profits of the company for last three year

Rs.1,50,000

Rs.1,70,000

Rs.1,30,000

The company follows the practice of transferring 25% of profits to general reserve.

Similar type of business earns 12%

Equity share capital 4000 shares of Rs.50 each.

B	Following is the summarized balance sheet of MMT Ltd				5 marks

Liabilities	Amt	Assets	Amt
		Tangible fixed assets	5,00,000
4000 Equity shares of Rs.100	4,00,000	Stock	50,000
Reserves and Surplus	1,60,000	Debtors	1,00,000

8% Debentures	1,40,000	Cash	40,000
Sundry Creditors	50,000	Investments	60,000
	7,50,000		7,50,000

Independent valuer has assessed the value of the following assets

Goodwill	1,80,000
Tangible fixed assets	5,50,000
Stock	45,000
Debtors	95,000
Investments	1,00,000

Calculate the value of equity share by Instrinsic Value Mehthod

Q 3	Answer the following	
A	Asterix Ltd. makes a public issue of 600,000 shares of Rs 10 each . Ms: Jyoti, Aarti and Deepika underwrite whole issue in the ratio of 5:3:2. There was no firm underwriting The total subscriptions including marked applications were 4,20,000 shares. The marked applications were as under: Ms. Jyoti – 90,000 shares Ms. Aarti – 80,000 shares Ms, Deepika – 70,000 shares Calculate total liability of the underwriter.	5 marks
B	Calculate the value of goodwill on the basis of 3 years purchase of average profits of last five years | Year	Profits
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2020	1,60,000
2021	2,00,000
2022	1,80,000
2023	2,20,000
2024	2,40,000 | Profits of 2023 includes profit on sale of asset Rs.10,000 Profits of 2020 were after deducting loss on sale of asset Rs.8,000	5 marks

Q 4	Answer the following	
A	The summarized Balance Sheet of Apurva Ltd. as on 31-03-2024 is as follows	5 marks

Particulars	₹
Share Capital:	
4,00,000 Equity shares of ₹10 each fully paid	40,00,000
Securities Premium	6,00,000
Profit & Loss Account	14,00,000
11% Debentures	20,00,000
Creditors	10,00,000
Total	90,00,000

Ascertain the maximum number of equity shares the company can buy back at the maximum possible price under the law as on 31st March 2024

| B | Write a short note on Instrinsic Value Method of Share Valuation | 5 marks |

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3. Attempt any 2 from Q. 2 to Q.4.
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Q 1   Answer the following

A fresh graduate, Ajay, has just started his tech start-up focusing on creating innovative software solutions for small businesses. Ajay's company needs financing to scale operations, expand the team, and market their products. He is considering Venture Capital for funding. After multiple rounds of pitching, he secures an investment deal with a venture capital firm, which provides significant capital in exchange for equity in his company.

1.	Explain the Venture Capital	5 marks
2.	Advice Ajay about the advantages and disadvantage of Venture Capital	5 marks

Q 2   :

A	Distinguish between Factoring and Forfeiting	5 marks
B	Explain the financial system if India with diagram	5 marks

Q 3

A	What is the importance of Credit Rating?	5 marks
B	Explain the fund based financial services	5 marks

Q 4

A	Write a note on BSE	5 marks
B	Difference between Hire Purchase and Leasing	5 marks

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Instructions for the candidate:
1. This question paper contains **2** page
2. Q.1 is Compulsory.
3. Attempt any 2 from Q. 2 to Q.4.
4. Answers to each new question should begin on a fresh page.
5. Figures on the right-hand side indicate full marks.
6. Use of simple calculator is allowed.

Q 1	Answer the following	10 marks
	Case Study: Inflation Targeting in India (2021-2023)	
	Inflation targeting in India has evolved since its official adoption in 2016. As the country faced challenges like global supply chain disruptions and rising commodity prices during 2021-2023, the Reserve Bank of India (RBI) continued to emphasize its target of 4% inflation, with a tolerance band of ±2%. In 2022, inflation surged above 7% due to high food and energy prices. In response, the RBI took decisive measures, including multiple interest rate hikes to curb inflation and adjusted monetary policy to manage demand.	
	The Monetary Policy Committee (MPC) played a crucial role in assessing inflation forecasts and adjusting policies to maintain price stability. Despite these challenges, India's GDP growth remained robust, indicating that inflation targeting has effectively balanced economic growth with price stability. By early 2023, inflation rates began to show signs of moderation and reflected the effectiveness of the RBI's policies amid ongoing global economic uncertainties. This period underscored the importance of a robust inflation targeting strategy in navigating complex economic landscapes while fostering sustainable growth.	
	Questions:	
	1. When was inflation targeting adopted and what is the inflation target set by the RBI in India?	
	2. What challenges did India face regarding inflation during 2021-2023?	
	3. How did the RBI respond to rising inflation and how did it manage demand in 2022?	

| | 4. | What role did the Monetary Policy Committee (MPC) play during this period?

5. What was the outcome for inflation by early 2023? | |
|---|---|---|---|
| Q 2 | Answer the following | | |
| A | Discuss the importance of study of macroeconomics. | | 5 marks |
| B | Explain the demand-pull factors responsible for inflation with the help of a diagram. | | 5 marks |
| | | | |
| Q 3 | Answer the following | | |
| A | Explain the features of trade cycles with the help of diagram. | | 5 marks |
| B | Discuss the Keynesian liquidity approach to demand for money. | | 5 marks |
| | | | |
| Q 4 | Answer the following | | |
| A | Discuss the circular flow of income and expenditure in a three-sector economy. | | 5 marks |
| B | Explain the objectives of monetary policy. | | 5 marks |
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Q.1	a) Find inverse (A^{-1}) of matrix A by Adjoint method. $A = \begin{bmatrix} -3 & 2 \\ 5 & 7 \end{bmatrix}$	5 marks
	b) For the following probability distributions of returns of 2 shares A and B:	5 marks

Probability(p)	Return of A (%) R_A	Return of B (%) R_B
0.10	5	3
0.20	6	5
0.35	7	7
0.25	8	9
0.10	9	11

1) Find expected return from share A   2) Find expected return from share B   3) State with reason which share is better for investment.

Q.2	Answer the following:	
A	One ticket is drawn at random from 30 tickets numbered from 1 to 30. Find the probability that the number on the ticket is divisible by 3 or 5. (Use Addition Theorem of Probability)	5 marks
B	'Vijay Toys' produces 2 types of toys scooter and bicycle each of which must be processed through 2 machines A and B. Machine A has maximum of 120 hours available and machine B has a maximum of 180 hours available. Manufacturing a scooter requires 4 hours on machine A and 10 hours on machine B. Manufacturing a bicycle requires 6 hours on machine A and 3 hours on machine B. The profits are Rs. 100 for scooter and Rs. 800 for a bicycle. Formulate the Linear Programming Problem to maximize the profit.	5 marks

Q.3	Answer the following:	
A	Solve the following: a) Akshay's income increased from Rs.11,000 to Rs. 11,220. find the percentage increase.	5 marks

	b) If A : B = 3 : 2 and B : C = 3 : 2, then find the ratio A : B : C c) Find k if 14 , 16 , 35 , k are in proportion. d) Find the triplicate ratio of 1 : 3 e) Divide 3000 in 2 parts such that their ratio is 1 : 2		
B	Find the total dividend and the rate of return on investment if Rs. 36,800 were invested in Rs. 10 share quoted at Rs. 80 and a 30% dividend was earned.	**5 marks**	
Q.4	Answer the following:		
A	If $A = \begin{bmatrix} 1 & 7 \\ 2 & 4 \end{bmatrix}$, $B = \begin{bmatrix} 5 & 0 \\ 0 & 5 \end{bmatrix}$ Show that AB = BA = 5A.	**5 marks**	
B	Mrs. Beena invested Rs. 10,000 in 'HDFC Liquid Fund – Growth' on 13/12/07 at a NAV of Rs. 14.7228 and redeemed all the units on 01/08/08 when the NAV was Rs. 15.2640. Find her total gain and the rate of return on investment. There were no loads. (Number of units are rounded off to 3 decimal places)	**5 marks**	

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Date: 13|03|25   Duration: 1 hour   Marks: 30 marks

Instructions for the candidate:
1. This question paper contains 1 page
2. Q.1 is Compulsory.
3. Attempt any 2 from Q. 2 to Q.4.
4. Answers to each new question should begin on a fresh page.
5. Figures on the right-hand side indicate full marks.

Q 1   Answer the following

Case Study: "FitLife," a new fitness app, offers personalized workout plans and nutritional advice. They've noticed that their user base is quite diverse, ranging from young adults looking to build muscle to older individuals wanting to improve their mobility.

1. How could "FitLife" use market segmentation to improve its marketing efforts?   **5 marks**

2. What marketing strategy can "FitLife" use for its target market?   **5 marks**

Q 2

A   Explain Product Life Cycle for financial products.   **5 marks**

B   What is mass customization of service? Explain the features of mass customization of services.   **5 marks**

Q 3

A   Discuss different factors affecting Financial Services   **5 marks**

B   Explain the steps involved in investing in mutual fund.   **5 marks**

Q 4

A   Explain the concepts of 1. Dissonance Reducing Buying Behaviour 2. Variety Seeking Buying Behaviour.   **5 marks**

B   Explain any 5 different FinTech Technologies used by banks.   **5 marks**

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Date: 20\03\25   Duration: 1 hour   Marks: 30 marks

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Q 1	Answer the following	10 marks
	Explain the types of advanced charts in detail.	
Q 2	Answer the following	
A	Explain the disadvantages of business intelligence.	5 marks
B	Explain Power BI KPI.	5 marks
Q 3	Answer the following	
A	What is data visualization? Explain the common data visualization tools used.	5 marks
B	Explain Power BI components in detail.	5 marks
Q 4	Answer the following	
A	Explain the types of decision supported by business intelligence.	5 marks
B	Explain data visualization data slicer and its types.	5 marks

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