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(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2021**

Economics

ECO 3B 04—MODERN BANKING AND INSURANCE

(2014—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A (Objective Type Questions)***Answer all questions.**Each question carries ½ mark.*

1. General Insurance Business (Nationalization) Act was passed in :
  - a) 1938.
  - b) 1972.
  - c) 1986.
  - d) 1991.
2. Services offered by retail banks include :
  - a) Consumer lending.
  - b) Provision of credit and debit cards.
  - c) E-banking services.
  - d) All the above.
3. The Local Area Bank Scheme was introduced in :
  - a) 1934.
  - b) 1949.
  - c) 1991.
  - d) 1996.
4. GIC stands for :
  - a) General Insurance Company.
  - b) Group Insurance Company.
  - c) Gender Insurance Company.
  - d) General Information Company.
5. \_\_\_\_\_ is the operation of storefront locations away from the institution's home office for the convenience of customers:
  - a) Unit banking.
  - b) Branch banking.
  - c) Mixed banking.
  - d) Tele banking.

**Turn over**

6. Insurance for insurance companies is :
- a) General insurance.
  - b) E- purse.
  - c) Reinsurance.
  - d) Risk management.
7. Identify the correct statement/s related to commercial papers :
- Statement I : Commercial papers can be compared to an unsecured short-term promissory note which is issued by top rated companies with a purpose of raising capital to meet requirements directly from the market.
- Statement II : They usually have a fixed maturity period
- Statement III : They offer higher returns as compared to treasury bills.
- a) Statement I and II are correct.
  - b) Statements I and III are correct.
  - c) Statements II and III are correct.
  - d) Statements I, II and III are correct.
8. The document that promises future payment which is guaranteed by a commercial bank is :
- a) Banker's Acceptance.
  - b) Commercial Paper.
  - c) Certificate of Deposits.
  - d) Repurchase Agreement.
9. Which is the largest commercial bank in India ?
- a) Reserve Bank of India.
  - b) Axis Bank.
  - c) State Bank of India.
  - d) HDFC.
10. Total number of nationalized banks in India as of July 2020 is :
- a) 11.
  - b) 12.
  - c) 16.
  - d) 22.
11. \_\_\_\_\_ is not a quantitative credit control measure :
- a) Bank rate policy.
  - b) Open market operations.
  - c) Cash reserve ratio.
  - d) Moral suasion.
12. Risk management can be done by :
- a) Insurance.
  - b) Hedging.
  - c) Derivatives.
  - d) All the above.

(12 × ½ = 6 marks)

**Part B (Very Short Answer Type Questions)**

*Answer any ten questions.  
Each question carries 2 marks.*

13. Define promissory note.
14. Prepare a note on fidelity guarantee.
15. What is the difference between prime rate and interest rate ?
16. What is an insurance premium ?
17. Distinguish between risk and uncertainty.
18. Write a note on mediclaim.
19. Define mixed banking.
20. What is meant by third party claim ?
21. Distinguish between surrender value and paid-up value.
22. What is meant by burglary insurance ?
23. What do you mean by NPA ?
24. What is meant by Electronic Funds Transfer ?

(10 × 2 = 20 marks)

**Part C (Short Essay Type Questions)**

*Answer any six questions.  
Each question carries 5 marks.*

25. Explain the meaning and types of annuity.
26. Compare insurance and reinsurance.
27. Explain the meaning and significance of consortium banking.
28. Explain the benefits of motor insurance policies.
29. Evaluate the features of IRDA Act.
30. Prepare a note on Development Banks in India.
31. Explain the meaning and features of cheque truncation system.
32. What are the instruments of money market ?

(6 × 5 = 30 marks)

**Turn over**

**Part D (Essay Type Questions)**

*Answer any two questions.*

*Each question carries 12 marks.*

33. Explain important types of insurance. Discuss the procedure in settlement of an insurance claim.
34. Explain the meaning, significance and principles of risk management.
35. Examine the structure of commercial banks in India. Discuss the functions of commercial banks.
36. Narrate recent trends in banking.

(2 × 12 = 24 marks)