

B.COM.
THIRD SEMESTER (SPECIAL REPEAT)
BANKING & INSURANCE
BCM-303

(Use separate answer scripts for Objective & Descriptive)

Duration : 3 hrs.

Full Marks: 70

[PART-A: Objective]

Time : 20 min.

Marks : 20

Choose the correct answer from the following:

1X20=20

1. What is Scheduled Bank in India?
 - a. It is included in the II Schedule of Banking Regulation Act
 - b. It is included in the II Schedule of Reserve Bank of India Act
 - c. It is included in the II Schedule of Constitution
 - d. None of the above
2. The first bank established in India was
 - a. Allahabad Bank
 - b. Bank of Hindustan
 - c. Bank of Bengal
 - d. Punjab National Bank
3. The Commercial Banks in India are governed by
 - a. Reserve Bank of India Act, 1934
 - b. Indian Companies Act, 1956
 - c. Banking Regulation Act, 1949
 - d. Securities and Exchange Board of India Act, 1992
4. Which one of the following is controlled by the world wide web?
 - a. Universal banking
 - b. Wholesale banking
 - c. Virtual banking
 - d. None of the above
5. After independence the Imperial Bank of India was nationalized and became known as
 - a. Punjab National Bank
 - b. Reserve Bank of India
 - c. State Bank of India
 - d. Central bank of India
6. Cash credit pertains to which one of the following?
 - a. A method of advancing loans to business firms against pledge or hypothecation of current assets, receivables or fixed assets
 - b. A method of advances granted against pledge of only cash
 - c. It is a facility offered to borrowing subject to availability of cash
 - d. All of the above
7. UCO bank is a
 - a. Private Sector Bank
 - b. Public Sector Bank
 - c. Non-scheduled Bank
 - d. None of the above

8. Banker can exercise the right of general lien on
- | | |
|--|---|
| a. Valuable articles kept in Safe Deposit Vaults | b. Securities left with the bank negligently |
| c. Securities deposited for securing a loan | d. Securities in the names of other relatives |
9. A banker should not stop operation of the account if the customer
- | | |
|-------------------|----------------------------------|
| a. dies | b. becomes insolvent |
| c. becomes insane | d. Changes his business premises |
10. means insuring a risk with two or more insurers and the total sum insured also exceeds the actual value of the subject matter.
- | | |
|---------------------|----------------------|
| a. Reinsurance | b. General insurance |
| c. Single insurance | d. Double insurance |
11. is contract between two insurers i.e., original insurer and another insurer
- | | |
|--------------|----------------|
| a. Insurance | b. Reinsurance |
| c. Policy | d. Premium |
12. The IRDA was set up in?
- | | |
|---------|---------|
| a. 1991 | b. 1999 |
| c. 2000 | d. 2001 |
13. Who can cancel the crossing on a cheque?
- | | |
|-----------------|----------------------|
| a. The payee | b. The paying banker |
| c. The endorser | d. The drawer |
14. The principle of ensures that an insured does not profit by insuring with multiple insurer.
- | | |
|----------------|----------------------|
| a. Subrogation | b. Contribution |
| c. Indemnity | d. Utmost good faith |
15. On the death of the depositor, his nominee becomes
- | | |
|---|--|
| a. Absolute owner of the deposit | b. Part owner of the deposit |
| c. Entitled to receive the deposit, but claims of legal heir remains unaffected | d. Entitled to receive the deposit to donate for charity |
16. Insurance works on the principle of :
- | | |
|----------------------|---------------------|
| a. Sharing of losses | b. Probabilities |
| c. Large numbers | d. All of the above |
17. What are NEFT and RTGS about?
- | | |
|---|--|
| a. Cheque truncation process | b. Electronic funds transfer from bank to bank |
| c. Electronic payment product within a bank | d. Various deposit products |

18. The effect of a crossing a cheque is
- a. The payee can obtain payment only through a bank account
 - b. The payee will have to endorse the cheque to bank
 - c. The payee can obtain payment across the counter in another bank
 - d. None of the above
19. Which of the following does not constitute 'payment in due course'?
- a. Payment of a post dated cheque
 - b. Payment of a crossed cheque across the counter
 - c. Payment of a cheque the payment of which has countermanded
 - d. All of the above
20. Which of the following is the correct full form of ECS often used in banking?
- a. Electron Clash System
 - b. Electronic Cash Service
 - c. Electronic Clearance Service
 - d. Electronic Changing System

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(PART-B : Descriptive)

Time: 2hrs 40 mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

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| 1. Describe the origin of banking system in India. | 10 |
| 2. Bring out the main difference between:
a) Holder and holder in due course.
b) General crossing and special crossing of a cheque. | 5+5=10 |
| 3. What are secured and unsecured advances of the bank? What precautions should a banker take while making advances against goods? | 5+5=10 |
| 4. Define the terms 'banker' and 'customer'. Discuss the general relationship between a banker and his customer. | 2+2+6=10 |
| 5. What is Insurance Regulatory and Development Authority (IRDA)? Discuss its powers and functions. | 4+6=10 |
| 6. Distinguish between advances and loans. Explain the principles that guide the banks in granting loans and advances. | 4+6=10 |
| 7. a) Discuss the types of crossing of a cheque.
b) State the statutory protection given to a paying banker. | 5+5=10 |
| 8. Write short notes on <i>any</i> two of the following:
a) Virtual banking
b) Difference between debit card and credit card
c) NEFT and RTGS | 5+5=10 |

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