

BACHELOR OF COMMERCE [HONS]
THIRD SEMESTER [REPEAT]
BANKING AND INSURANCE
BCM – 303

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. The first bank established in India was
 - a. Allahabad Bank
 - b. Bank of Hindustan
 - c. Bank of Bengal
 - d. Punjab National Bank
2. 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
3. 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
4. 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
5. UCO bank is a
 - a. Private Sector Bank
 - b. Public Sector Bank
 - c. Non-scheduled Bank
 - d. None of the above
6. 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
7. 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
8. Who can cancel the crossing on a cheque?
 - a. The payee
 - b. The paying banker
 - c. The endorser
 - d. The drawer
9. A person remains minor until he completes years of age
 - a. 15
 - b. 18
 - c. 20
 - d. 25

10. 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 |
11. 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 |
12. 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 |
13. 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 |
14. 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 |
15. 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 |
16. Insurance works on the principle of :
- | | |
|----------------------|---------------------|
| a. Sharing of losses | b. Probabilities |
| c. Large numbers | d. All of the above |
17. 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 |
18. The IRDA was set up in?
- | | |
|---------|---------|
| a. 1991 | b. 1999 |
| c. 2000 | d. 2001 |
19. is contract between two insurers i.e., original insurer and another insurer
- | | |
|--------------|----------------|
| a. Insurance | b. Reinsurance |
| c. Policy | d. Premium |
20. 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 |

- (Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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

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