

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2020****Economics****ECO 3B 04—MODERN BANKING AND INSURANCE****Time : Three Hours****Maximum : 80 Marks****Part A (Objective Type Questions)***Write all the twelve questions.**Each question carries ½ mark.*

1. Money market refers to that part of the debt market where the maturity is :

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|------------------------|-----------------------|
| a) Less than 1 year. | b) Less than 1 month. |
| c) Less than 6 months. | d) More than 1 year. |

2. Identify a money market instrument :

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|------------|--------------------|
| a) Shares. | b) Debentures. |
| c) Bonds. | d) Treasury Bills. |

3. The apex bank in industrial finance is :

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|----------------|----------|
| a) IFCI. | b) RBI. |
| c) MUDRA Bank. | d) IDBI. |

4. IRDA is the regulatory agency for :

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|---------------|----------------------|
| a) Banking. | b) Tele-Banking. |
| c) Insurance. | d) Internet Banking. |

5. The first nationalization of 14 banks were in the year :

- | | |
|----------|----------|
| a) 1970. | b) 1969. |
| c) 1980. | d) 1991. |

6. The principle of Causa-Proxima is related to :

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|-----------------------|------------------------|
| a) Life Insurance. | b) Medical Insurance. |
| c) General Insurance. | d) Commercial Banking. |

7. An independent bank which does not have any connecting branch in other areas is :
- a) Branch banking.
 - b) Unit banking.
 - c) Chain banking.
 - d) Mixed banking.
8. The following is a secondary function of commercial bank :
- a) Clearing of Cheque.
 - b) Accepting deposit.
 - c) Making advances.
 - d) Credit creation.
9. Malhotra committee is related to :
- a) Telecommunication.
 - b) Online Banking.
 - c) Banking Sector Reforms.
 - d) Insurance.
10. An example of New Generation Bank :
- a) AXIS Bank.
 - b) Canara Bank.
 - c) SBI.
 - d) Indian Bank.
11. What is the Act to deal with NPA ?
- a) Banking Regulation Act 1949.
 - b) SAFAESI Act 2002.
 - c) Indian Company Act 1956.
 - d) RBI Act 1934.
12. The following is NOT a monetary measure :
- a) Interest reduction.
 - b) Interest subsidy.
 - c) Reducing CRR.
 - d) Reducing Repo rate.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Write any ten questions.

Each question carries 2 marks.

13. What do you mean by credit creation ?
14. What are the services offered by the commercial banks ?
15. Write a note on mixed banking.
16. Explain any two functions of the RBI.
17. Distinguish between pure risk and speculative risk.

18. What are the features of property insurance ?
19. What do you mean by mediclaim policy ?
20. What is moral hazard ?
21. Distinguish between risk pooling and risk transfer.
22. What are the features of Indian money market ?
23. What is the role of RBI in call money market ?
24. What is social banking ?

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

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

25. Distinguish between branch banking and unit banking.
26. What are features of treasury bills ?
27. What are the types of advances offered by the commercial banks ?
28. Describe the scope of motor insurance.
29. What are the features liability insurance ?
30. What are the principal contingencies in life insurance ?
31. What is the importance of State Finance Corporations ?
32. What are the benefits of internet banking ?

(6 × 5 = 30 marks)

Part D (Essay Type Questions)

*Answer any two questions.
Each question carries 12 marks.*

33. Write a brief note on the present NPA issue of the Indian public sector banks.
34. Explain the role of development banks in India.
35. Write a note on the risks management operations of insurance companies.
36. Describe the basic principles of insurance.

(2 × 12 = 24 marks)