

THIRD SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2019**(CUCBCSS—UG)****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. IRDA is the regulatory agency for :
 - a) Banking.
 - b) Share Market.
 - c) Insurance.
 - d) Securities Market.
2. Life Insurance Corporation of India (LIC) was established in :
 - a) 1990.
 - b) 1960.
 - c) 1991.
 - d) 1956.
3. Identify a money market instrument :
 - a) Certificate of Deposit.
 - b) Debentures.
 - c) Shares.
 - d) Equity shares.
4. 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.
5. No more nationalization of private bank was a recommendation of :
 - a) Narasimham Committee.
 - b) Malhotra Committee.
 - c) Tarapore Committee.
 - d) Kelkar Committee.
6. The apex bank in industrial financing is :
 - a) ICICI.
 - b) IDBI.
 - c) IFCI.
 - d) SFC.

Turn over

7. Tele Banking is an example of :
- a) Banking sector reform.
 - b) Bank nationalization.
 - c) Banking services through Information Technology.
 - d) Merging of Banks.
8. Which short-term (up to one year) instrument is issued by government as a means of financing it's cash requirements ?
- a) ADR.
 - b) GDR.
 - c) Equity.
 - d) Treasury Bills.
9. Principle of Indemnity is generally applicable to :
- a) Life Insurance.
 - b) General Insurance.
 - c) Private Banking.
 - d) None of the above.
10. Identify a new generation bank :
- a) HDFC.
 - b) SBI.
 - c) Syndicate Bank.
 - d) South Indian Bank.
11. The following is NOT a secondary function of commercial bank :
- a) Clearing of Cheque.
 - b) Transfer of money.
 - c) Making advances.
 - d) Sale, purchase of shares/bonds.
12. Capital to Risk Weighted Asset Ratio (CRAR) was introduced in India in :
- a) 1992.
 - b) 1995.
 - c) 2005.
 - d) 2010.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

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

- 13. What is NPA ?
- 14. What do you mean by Risk-Weighted Assets ?
- 15. Write a brief note on IFCI.
- 16. What is the importance of State Finance Corporations ?
- 17. Write a note on the importance of insurance sector.

18. What do you mean by money market ?
19. Who are the participants in money market ?
20. What is moral hazard ?
21. What you mean by market risk ?
22. Distinguish between objective risk and subjective risk.
23. Distinguish between risk pooling and risk transfer.
24. Mention any two features of liability insurance.

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

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

25. Explain the functions of insurance.
26. Distinguish between branch banking and unit banking.
27. What are the benefits of internet banking ?
28. Write a brief note on the functions of central bank.
29. Explain the primary functions of commercial bank.
30. What is consortium banking ? Explain its need and importance in a developing economy like India.
31. Write a brief note on the present NPA issue of the Indian public sector banks.
32. Explain the impacts of banking sector reforms introduced after 1991.

(6 × 5 = 30 marks)

Part D (Essay Type Questions)

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

33. Explain the fundamental principles of insurance.
34. Discuss major life insurance services/ products offered by the insurance companies.
35. Explain the role of development banks in India.
36. Explain the recent trends in Indian banking services using developments in field of technology.

(2 × 12 = 24 marks)