

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

**[USE OMR SHEET FOR OBJECTIVE PART]**

Duration: 3 hrs.

Full Marks: 70

**(Objective)**

Time: 30 mins.

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 .....
- Absolute owner of the deposit
  - Part owner of the deposit
  - Entitled to receive the deposit, but claims of legal heir remains unaffected
  - Entitled to receive the deposit to donate for charity
11. What are NEFT and RTGS about?
- Cheque truncation process
  - Electronic funds transfer from bank to bank
  - Electronic payment product within a bank
  - Various deposit products
12. Which one of the following is controlled by the world wide web?
- Universal banking
  - Wholesale banking
  - Virtual banking
  - None of the above
13. The effect of a crossing a cheque is
- The payee can obtain payment only through a bank account
  - The payee will have to endorse the cheque to bank
  - The payee can obtain payment across the counter in another bank
  - None of the above
14. Which of the following does not constitute 'payment in due course'?
- Payment of a post dated cheque
  - Payment of a crossed cheque across the counter
  - Payment of a cheque the payment of which has countermanded
  - All of the above
15. Which of the following is the correct full form of ECS often used in banking?
- Electron Clash System
  - Electronic Cash Service
  - Electronic Clearance Service
  - Electronic Changing System
16. Insurance works on the principle of :
- Sharing of losses
  - Probabilities
  - Large numbers
  - All of the above
17. The principle of ..... ensures that an insured does not profit by insuring with multiple insurer.
- Subrogation
  - Contribution
  - Indemnity
  - Utmost good faith
18. The IRDA was set up in?
- 1991
  - 1999
  - 2000
  - 2001
19. .... is contract between two insurers i.e., original insurer and another insurer
- Insurance
  - Reinsurance
  - Policy
  - 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.
- Reinsurance
  - General insurance
  - Single insurance
  - 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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