

D 11520

(Pages : 3)

Name.....

Reg. No.....

**FIFTH SEMESTER B.Com. DEGREE (SUPPLEMENTARY/IMPROVEMENT)
EXAMINATION, NOVEMBER 2016**

(UG—CCSS)

BC 5B 09—BASICS OF BANKING AND INSURANCE

Time : Three Hours

Maximum : 30 Weightage

Part A

*This part consists of three bunches of questions carrying equal weightage.
Each bunch has four questions.
Answer all twelve questions.*

(A) Fill in the blanks :

- 1 _____ is a method of controlling and regulating the purposes for which credit is granted by commercial banks.
- 2 The _____ is entrusted with the responsibility of maintaining the stability of the monetary unit and of controlling the currency and credit system of the country.
- 3 _____ policy describes the general terms and leaves the amount of each shipment and other particulars to be declared later on.
- 4 The price for the risk undertaken by the insurer is called _____.

(B) Choose the most appropriate answer from the following :

- 5 The rate at which RBI rediscounts the bills of commercial banks is called :
 - (a) Bank Rate.
 - (b) Prime Lending rate.
 - (c) Repo rate.
 - (d) BPLR.
- 6 The central bank is the lender of last resort because :
 - (a) It acts as banker to the government.
 - (b) The commercial banks can approach for financial accommodations.
 - (c) It acts as the clearing house for commercial banks.
 - (d) None of these.
- 7 A specialist in the mathematics of insurance who calculates rates, reserves, dividends and other statistics is called :
 - (a) Insured.
 - (b) Actuary.
 - (c) Agent.
 - (d) Insured.

Turn over

8 According to the principle of _____, the insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against.

- (a) Utmost good faith. (b) Mitigation of loss.
(c) Causa proxima. (d) Indemnity.

(C) State whether the following statements are true or false :

9 Term deposits are those deposits, which are kept for a specified fixed period with a bank and are not payable on demand.

10 The central bank receives deposits and makes payment on behalf of commercial banks.

11 Marine insurance provides protection against loss of marine perils.

12 The insurance policy is formal and enforceable stamped document signed and issued by the insurance company embodying the terms of the contract between the parties.

(12 × ¼ = 3 weightage)

Part B

Answer all nine questions in one or two sentences each.

Each question carries a weightage of 1.

13 What do you mean by a secured loan ?

14 What is meant by a current account ?

15 What is open market operation ?

16 What do you understand by Variable Reserve Ratio ?

17 Define insurance.

18 What is fire insurance ?

19 What do you mean by insurable interest ?

20 What is meant by 'mitigation of loss' ?

21 What do you understand by a valued policy ?

(9 × 1 = 9 weightage)

Part C

Answer any five questions not exceeding one page each.

Each question carries a weightage of 2.

- 22 'The Central Bank acts as banker, agent and adviser to the government'. Explain.
 - 23 Give a brief account of Village Adoption Scheme.
 - 24 Enumerate the advantages of fixed deposit account.
 - 25 Explain the different types of loans granted by commercial banks.
 - 26 What are the fundamental principles of insurance ?
 - 27 "All insurance contracts except personal insurance are contracts of indemnity". Explain.
 - 28 What are the different kinds of insurance ?
- (5 × 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

- 29 Discuss in detail the major functions of the Central Bank of a country.
 - 30 Analyse the various functions of insurance.
 - 31 Elucidate the basic elements of marine insurance contract.
- (2 × 4 = 8 weightage)